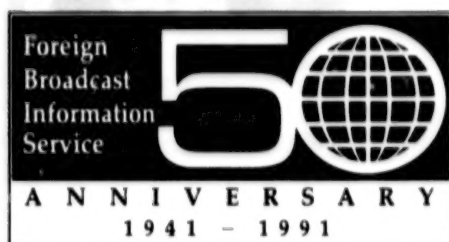


JPRS-SEA-91-002  
12 FEBRUARY 1991



# ***JPRS Report***

## **East Asia**

### ***Southeast Asia***



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JPRS-SEA-91-002

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**Exiled Student Leader Discusses Plans, Aid to Organization**

91SE0081A Bangkok SIAM RAT SAPDA WICHAN  
in Thai 16-22 Dec 90 pp 15, 16

[Interview with Mong Tan, vice chairman of the Overseas National Students' Organization of Burma; date and place not given]

[Text] Mong Tan, a 23-year-old [former] economics major at the University of Rangoon who is now serving as the vice chairman of the Overseas National Students' Organization of Burma, was interviewed by SIAM RAT SAPDA WICHAN [SRSW] in English.

[SRSW] In what activities is your organization involved?

[Mong Tan] We are involved in peaceful activities. We hold meetings, submit petitions to the Burmese embassy, and issue statements to the press and government in order to disclose the activities for democracy and the human rights violations in Burma.

[SRSW] What is your political line?

[Mong Tan] That depends on the Burmese people. We have to see what they want. If they want us to help, we will do so.

[SRSW] Then it is not your group's policy to hijack airplanes, as happened recently?

[Mong Tan] Definitely not. But the Thai government charged us with that. We think that they hijacked the plane because they had run out of hope and had no other way. But we had nothing to do with either of those students.

[SRSW] How do you feel about being accused of that?

[Mong Tan] We would like the Thai people to know that we did not do that and that we will never do anything like that. That is a terrorist act, and that is unacceptable. Such acts cause trouble for others. But whenever an embassy is bombed or an airplane is hijacked, the government accuses us of being responsible. We have said many times that we have not done those things. That is not our policy. But they blame us every time. We are now very afraid. Every Burmese student is afraid of being arrested.

[SRSW] What are the lives of the Burmese students living in Bangkok like today?

[Mong Tan] Things are very difficult. We lost our human rights in Burma, and now we have lost them in Thailand. As you can see, we don't have the right to say what we want. We don't have any rights at all. They have blocked us everywhere.

[SRSW] Have you had any contact with Burmese students along the border?

[Mong Tan] They are just friends. We know each other. But we don't work together. They are doing things their own way. They are waging an armed struggle. But we are carrying on peaceful activities. But this, too, is a struggle for the Burmese people.

[SRSW] What about activities with Burmese monks?

[Mong Tan] That is a non-violent group. We have some contact with them.

[SRSW] There have been reports that you are receiving 3,000 baht a month in aid from the United Nations.

[Mong Tan] The UN High Commissioner for Refugees [UNHCR] gives aid on an individual basis. Our position is different from that of the Lao, Vietnamese, and Cambodian refugees. We are waging a political struggle for democracy and human rights in Burma. We are working openly.

[SRSW] Does that mean that not every Burmese student receives aid?

[Mong Tan] Some don't. Students have to pass an interview with UNHCR officials. If they feel that a person is not actually involved in political activities, they won't give him any aid money. And if that person doesn't have any money, he can't stay in Bangkok. Thus, we have to help those students who don't receive money. We have to share the money.

[SRSW] The Ministry of Interior has said that 3,000 baht is too much for Burmese students. What do you think about that?

[Mong Tan] It takes almost 2,000 baht to pay for clothing, food, and shelter. But there are also the expenses of carrying on activities, telephone charges, and so on. That would be enough on the border, but in Bangkok the cost of living is very high. The cost of living goes up daily. Even 3,000 baht is not enough.

[SRSW] What about the strict measures implemented by the Thai government to control Burmese students?

[Mong Tan] They have announced two important legal measures. First, Burmese students who engage in political activities will be arrested and returned to Burma. That means that they can arrest us at any time, because we are engaged in political activities.

Second, anyone who provides aid to Burmese students can be imprisoned for up to five years and fined 50,000 baht. That means that no one will dare help us. Apartment owners have forced us to leave. Where can we live? Do they want us to sleep in Sanam Luang? They are treating us like a dog, chasing us out of human society.

[SRSW] Would you be willing to go and live at the camp established by the Thai government?

[Mong Tan] Definitely not, because Thai and Burmese officials frequently confer with each other concerning Burmese students and military matters. Last year, the



military government asked the Thai government to repatriate the Burmese students, and the Thai government agreed. They repatriated several students. Most of those were jailed. Some students have had to flee to Bangkok again.

Thus, we cannot trust the Thai government. We will not live in the camp. Even if they build the camp in Bangkok, we won't live there. We don't trust them.

[SRSW] What does the military government do with the Burmese students?

[Mong Tan] It interrogates them and puts them in prison. There are many cases of students being arrested and interrogated, released, and then arrested again. That is quite common in Burma.

[SRSW] There have been reports that students have been killed, too.

[Mong Tan] Definitely, but I don't know how many. That is one reason why the military government has kept the university closed for more than two years now. If they opened the university, everyone would know how many students have been killed.

[SRSW] Are you afraid of being killed and is that why you haven't returned to Burma?

[Mong Tan] We don't dare return to Burma. We are afraid of being arrested. They are very cruel. I can't tell you everything. All I can say is that they are very cruel. They use a variety of methods. We don't dare return to Burma. We don't trust the border camp and have to live in fear in Bangkok without any human rights.

[SRSW] Would you tell us about your family?

[Mong Tan] They are still in Burma. I have heard that my older brother was arrested when I fled Burma two years ago. The military government has arrested many of the relatives of those Burmese students who have fled abroad or into the jungle. Many parents have been arrested for contacting their children. They are regularly threatened.

Soldiers arrested and interrogated the parents of Jo Siya (another Burmese student) because he looked like one of the Burmese who hijacked that airplane. The military government knows us well, because we have demonstrated at the embassy. They have taken video pictures of us.

[SRSW] People in Burma live in fear, too, is that right?

[Mong Tan] Everyone lives in fear. Students cannot contact their relatives. They have given up hope. I feel the same way. I miss my family. I miss Burma, my friends, and the university.

[SRSW] Are you still in contact with your family?

[Mong Tan] I sent a letter home eight months ago. I gave it to a friend to carry for me. I don't dare send any more letters. I am completely cut off from my family, because I am afraid that my parents will be arrested.

[SRSW] Do you know anything about the Burmese who fled to Thailand and who have created problems, such as the prostitutes?

[Mong Tan] Yes, and I feel very sorry. But if you were a Burmese, you would know what has happened there. It's even worse than in Kuwait. It's worse than any battlefield. The people have been muzzled and prevented from listening to what they want to. Thus, some women can no longer earn their living honestly. The government can't find jobs for the people. Thus, people have had to flee. A teacher can go and teach in another country. But what can an uneducated person do? Sometimes, they have to do things that they don't want to do. I feel very sorry. All I can do is try.

[SRSW] Are other Burmese students interested in domestic politics?

[Mong Tan] Burmese students can be divided into three groups: the students inside Burma, the students in the jungle, and the students living abroad. Almost all are interested in the political problems. But those living in Burma usually don't have a chance to express their views. If they do anything at all, they are arrested.

[SRSW] What will the students living in Thailand do now in view of the fact that the Thai government has exerted pressure to prevent them from engaging in political activities?

[Mong Tan] We cannot abandon our organization. They may destroy our organization, but we can't destroy ourselves. Our organization must continue its activities, because this was born of our faith. It's worth more than 3,000 baht. We know that the Thai government will send students who are involved in politics back to Burma. But we can't destroy ourselves. This is our hope.

[SRSW] Have you thought of fleeing to a third country?

[Mong Tan] I have the right to go if I want. All Burmese students can go if they want to. All we have to do is submit a request to the American or Canadian embassy. But I won't go. I want to stay in Thailand, because this is near my country.

[SRSW] How much hope do you have that there can be democracy in Burma?

[Mong Tan] I have great hope. The Burmese people still have hope. The military won't be able to control us for too much longer, because the people will rise up. The university will soon be open again. They can't keep the university closed forever. Once the university opens, students will unite, lead the people, and wage another struggle.

## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### Reader Comments on KPNLF Leadership Problems

91SE0067A Bangkok BANGKOK POST in English  
16 Nov 90 p 5

[From the "Post Bag" column by Friend of Cambodia:  
"The Other Side of the KPNLF"]

[Excerpts] Sir: I refer to a Postbag letter by Mr Keat Sukun, KPNLF [Khmer People's National Liberation Front] Public Relations Officer (2 November 1990).

There is an English saying which says something like: "When you fly with the crows, expect to be shot with the crows."

Mr Kent Sukun, no doubt a good man and loyal to his political group, seeks to attack the letter written by Mr Giles Ji Ungpakorn (18 October 1990). As one who has had first-hand knowledge of some of the subject matters of both these letters, let me say that I believe the letter written by Mr Ungpakorn is closest to the truth. [passage omitted]

Mr Keat Sukun tries to put across the point that only a "tiny minority" of the KPNLF comprises the "bad elements." In my opinion, it is the opposite which is true, which anyone who is familiar with the border scene knows only too well.

I think it would be more accurate to say there is a "tiny minority" of the KPNLF civilian and political wings who might be honest and dedicated people—but they are very few indeed. [passage omitted]

Mr Keat Sukun makes a great play on the good things which the KPNLF do. Most of the good things are those which involve foreigners in some direct form of control. Anything which is completely Cambodian controlled is riddled with corruption and abuse of the people. It doesn't matter whether it is food distribution, education, medical supplies, water distribution—everything is a cesspool of corruption, and those in high places are ripping the heart out of the welfare systems for the poor, depressed "hostages" of Site Two, as well as for the populations of the mythical, so-called "liberated zones."

The UN organization UNBRO [United Border Relief Operations] must know about the situation, and one can only wonder why they have contributed to this situation for so long?

In the opinion of many, the KPNLAF is riddled with groups of murdering, raping, pillaging "minor warlords," just as Mr Ungpakorn's letter implied. They are helping to drive the Cambodian people back into the arms of the more disciplined Khmer Rouge.

Again I say, unless Mr Son Sann publicly ditches the gangsters who comprise much of the KPNLF military

wing, then he must suffer from the revelations which an increasing number of people will soon be marking about the terrible deeds of the rabble who use young Cambodian boys and girls as "mine fodder," while the leaders grovel in the slush of private profits made from corrupt and dishonest practices.

If Mr Son Sann cannot disassociate himself from the military "warlords" or denounce the corrupt civilian administrators who support the military against him, then his weakness will result in the loss of even more support amongst the Cambodian people along the border. He is already being seen by an increasing number of Cambodians as being too old and too weak.

Mr Keat Sukun criticizes the Phnom Penh government. They deserve much criticism for their denial of civil liberties, their brutal treatment of political prisoners, corruption, and their forced conscription of youths into the military. But the KPNLF forces are also guilty of all these things.

At least the Phnom Penh government is not hand in hand with some of the greatest monsters the world has known during this or any other century. At least the Phnom Penh government has managed to hold Cambodia intact; it is making some progress towards a more liberal society; it has helped to negotiate the withdrawal of almost all of the Vietnamese occupation forces; and it is fiercely determined to resist the return of the Pol Pot clique of the Khmer Rouge—the murderers who still slaughter innocent train passengers and blow off the limbs of Khmer children.

Not so the KPNLAF, who still willingly hold hands with the genocidal maniacs; who rape, pillage, kill and extort their own people; who also cooperate with those who are ripping the heart out of the ecological base of the western provinces of Cambodia.

Whether we talk of timber, animals, gemstones or hand-icrafts, the KPNLAF are deeply involved in running black markets to the detriment of Cambodia and of the poor Cambodian people. Here we do not criticize the trade or traders, but the amount of illegal "taxes" which the Army rips off the people to allow them to trade. [passage omitted]

### Correspondent Views Khmer Rouge, NCR Prospects

91SE0104A Bangkok THE NATION in English  
20 Dec 90 p A8

[Article by Robert Birsell]

[Text] Confident Cambodian guerrillas say they can defend areas they occupy and take more strategic positions in what some leaders are calling the last round of the Cambodian war.

Sipping tea in a bamboo hut, a senior commander of the radical, communist Khmer Rouge said he expected

peace soon but did not know if it would come through a negotiated settlement or military victory.

"I don't know if peace will come through the pen or through the barrel of a gun," said Mith Ran, deputy commander of Khmer Rouge forces in Kampong Thom province.

Later this week in Paris Cambodia's warring factions are due to meet to discuss a UN Security Council blueprint to end the country's civil war which pits the Phnom Penh government against a coalition of three guerrilla groups dominated militarily by the Khmer Rouge.

Non-communist commanders and soldiers, confident and happy to be working from fixed positions in populated rural areas deep in the Cambodian countryside, complained that a shortage of ammunition was their biggest problem and stressed the importance of United Nations involvement in ending the war.

"We are optimistic about the military situation but the situation also depends on the United Nations and the Western countries," said Colonel Chea Khemera, commander of the non-communist Khmer People's National Liberated Front forces in the province.

"The longer the war goes on the stronger the Khmer Rouge will become," he said. The two non-communist guerrilla groups and the Phnom Penh government are anxious to prevent a return to power of the Khmer Rouge, under whose 1975-78 rule one million Cambodians died.

The three anti-Phnom Penh groups move freely through most of rural northwestern and central Cambodia, north of Route Six.

### Fighting Continues

On a recent 650-km (400-mile), five-week trek from the KPNLF [Khmer People's National Liberation Front] area of control near the Thai border in northwestern Cambodia to Kampong Thom, sounds of battle were heard daily in Siem Reap and Banteay Meanchey provinces, where government troops hold Route Six and major towns and roads in a band between 20 and 40 km (12.5 and 25 miles) wide north of the road.

Before the withdrawal of Vietnamese troops in September 1989, the trip to Kampong Thom took twice as long and was much more dangerous, KPNLF soldiers said.

"Before there was fighting almost every day," said medic Bun Room who made a previous trip to Kampong Thom in 1987. "When we rested we didn't take our packs off, you never knew what might happen."

The only major obstacle for the 220 KPNLF reinforcements walking to Kampong Thom was the Phnom Penh-controlled Route 68 in western Siem Reap province and its heavy artillery positions.

After a short delay the group crossed the road under cover of darkness and reached Kampong Thom without firing a shot.

The commander of the non-communist forces of Prince Norodom Sihanouk in Siem Reap said he expected fighting to intensify and his forces would try to capture the holy city of Angkor Wat.

"We don't know if we can take it or not but we are making preparations," said General Kien Vang of Sihanouk's National Army of Independent Kampuchea (ANKI).

As the general spoke, his forces lobbed occasional artillery shells at the Phnom Penh-held town of Varin, 40 km (25 miles) north of the ancient temple complex.

Angkor Wat is a main objective of the Khmer Rouge, whose forces in Siem Reap are being supplied from stockpiles to the north by convoys of Chinese-made trucks, the general said.

Tracks on a rutted, rugged forest road in central Siem Reap were identified by two senior KPNLF officers as those of Khmer Rouge tanks, supplied by China. They had been withdrawn to the north until the ground was dry, the KPNLF officers said.

The guerrillas hold a battle-scarred 24 km (15 mile) stretch of Route Six in the southeast corner of Siem Reap and the northwest corner of Kampong Thom province, cutting the northern land link between the capital and Angkor Wat and the economically-important northwest.

Most supplies to Phnom Penh forces in Siem Reap are ferried up the Tonle Sap, Cambodia's great lake, the guerrillas said.

In the Kampong Thom "liberated zone," the non-communist groups have built primary schools and pagodas and provide basic medical services.

"I need more money to expand the school programme but there are not enough funds," said Chea Khemera. Medical supplies are scarce.

Agreeing they act "under the same banner," leaders of non-communist groups said they had held political meetings in villages and organized cadres in their areas as well as in government districts to spread their message.

### Biggest Problem

The biggest problem facing the non-communists in Kampong Thom is a lack of ammunition. KPNLF soldiers complain they are not allowed to bring supplies down Khmer Rouge supply lines from the northern border, a two-day truck drive when the forest tracks will be dry in a few weeks.

A senior KPNLF official speaking on the Thai border said they had insufficient ammunition and he feared the non-communist forces would become dependent on Khmer Rouge arms supplies.

Non-communist officers acknowledge they have obtained some ammunition from the Khmer Rouge.

"With the level of support we receive, with the change in U.S. policy, we cannot make any significant military gains," said KPNLF official Ok Serei Sopheak. The United States is providing only humanitarian aid to the group.

The Khmer Rouge in Kampong Thom said they would continue to attack strategic positions and main Phnom Penh army artillery bases, gradually isolating main population and economic centres.

"We have enough arms and ammunition. We're not worried," Mith Ran said.

## STATE OF CAMBODIA

### Comments on Conditions of Kompong Speu Province

91SE0103B Bangkok BANGKOK POST in English  
5 Jan 91 p 4

[Article by Jacques Bekaert]

[Excerpts] [passage omitted] In the Sixties, Kompong Speu was considered a revolutionary province. Three important figures of the communist party of Cambodia, Hu Nim, Hu Youn and Khieu Samphan were active in Kompong Speu. And today, officials of the ruling People's Revolutionary Party of Kampuchea admit that Khieu Samphan still retains some popularity among the poor peasants of the province. [passage omitted]

Last June the Phnom Penh authorities decided to relocate part of the population of a couple of districts that were under strong Khmer Rouge influence: Aural and Phnum Sruoc.

Living conditions in the relocation zone of Aural, which I visited for the second time in three months, are still extremely difficult for the 7,452 persons regrouped closer to Highway 4, and away from the Khmer Rouge.

In theory, each month the government allocates 180 tons of rice to the refugees. But problems remain in the distribution system and each person at best receives only 10 kilogrammes per month. There has been some international assistance, but for most people everyday life is hardly above subsistence level. People try to supplement their meagre diet by selling firewood and charcoal at the nearby market.

Closer to Highway 4, a few new houses have sprung up recently. By local standards, they are luxurious. Traffic between Kompong Som and Phnom Penh has obviously made some people rich. At the best restaurant in town officers and visitors from the capital enjoy a good meal.

The administrative office of Aural too was relocated on 5 June, along with the civilian population. It is protected

by local soldiers, recruited in the district. Some of the weapons at their disposal date from World War II.

Local military sources say the Khmer Rouge operating in the district have much better and more modern equipment. "Some of their new weapons arrived recently from Khmer Rouge bases along the Thai-Cambodian border," a local commander said.

His men have to be content with a couple of antique Soviet machine guns, rusty and more fit for a military museum than for the front line, and an 82mm mortar.

The old district town of Aural has been under Khmer Rouge control for several months and local military sources said it would be difficult to retake it. Its location, far from Highway 4 and from resupply lines, the surrounding forests are well as heavily mined access routes would make a military operation against the Khmer Rouge troops too costly.

Further west, the situation seems to have improved somewhat in the district of Phnum Sruoc, which was the target of fierce Khmer Rouge attack last August. According to the president of the local people's committee, Ma Voern, since September there has been no major Khmer Rouge operations close to Highway 4.

The Khmer Rouge still, once in a while, stop vehicles and steal what they can, the official said. But local forces, reinforced recently by troops from Phnom Penh, are able to counterattack.

Government soldiers have, according to Ma Voern, managed to push the Khmer Rouge some 60 kilometres back from the highway.

During the first week of December, nine Khmer Rouge soldiers rallied to the government side. The reason for abandoning their struggle, said Ma Voern, was simple: they were running out of ammunition, medicine and food.

A great contrast apparently to the situation of the Khmer Rouge soldiers operating a few kilometres from Aural. Nevertheless, according to figures provided by local officials in both the districts of Aural and Phnum Sruoc, the number of Khmer Rouge troops operating in the region is growing.

Kompong Speu is close to Phnom Penh, but in many ways it is a very different world. A world of poverty, of insecurity and also—as many local people complain—of corruption. A world where undoubtedly the feared Khmer Rouge appear to be making some progress and are gaining at last a certain amount of popular support.

As I left the restaurant, several truckloads of soldiers pulled up in front of the modest establishment. They carried no rifles. They were from Phnom Penh, and had come to relieve the men at the front line, said a local official. "When we rotate troops, we always leave behind weapons for the fresh troops." [passage omitted]



**Official Discusses Agriculture Goals***91SE0107A Bangkok BANGKOK POST in English  
6 Dec 90 p 22*

[Text] Phnom Penh (Reuter)—The drafters of the Phnom Penh government's next 5-year economic plan, for 1991-95, are trying to drag Cambodia forward into 1970.

Last year, the nation's annual per capita income was \$170, \$10 below the figure for 1970, when the land flared into a war that continues in the form of an intractable civil conflict.

The Ministry of Planning converted the real income figures into constant 1984 dollars.

The latest figure is probably much too high, said Hou-Taing Eng, vice director of the General Planning Department, who believes the official figure for population growth of 2.8 percent per year is way below the actual mark.

"In the 5-year plan we have the goal to finish the restoration of the economy and raise the standard of living of the people to the same level as the pre-war time," he told Reuters on Tuesday.

Agriculture is at the top of the plan's agenda and has been given added urgency by a rice harvest far below expectations.

This year's monsoon rice harvest is expected to yield only 280 kg (616 pounds) per person, compared to 331 kg (728 pounds) in 1989 and 314 kg (690 pounds) in 1988, the ministry said.

Once again, the latest figure could be overestimated because of errors in judging the size of the population, he said. A census is called for in the 5-year plan draft, which has yet to be approved by the Council of Ministers, the state's highest ruling body, he said.

"Floods destroyed tens of thousands of hectares of rice," he said. Water control is at the centre of capital projects in the plan.

Three irrigation dams are recommended in Battambang province to the west and one in Kompong Thom, north of Phnom Penh.

The dams will cost \$240 million over 5 years and will have to be financed by foreign aid donors. The dams will enable the two fertile areas to produce a second rice harvest each year, which they cannot do now.

The plans for the dams have existed for years, but have never won financial support, Western aid workers said.

Three other dams are called for in the plan to produce hydroelectric power as well as water for irrigation in the mountainous southwestern quadrant of the country.

"Fertiliser is really a very great problem for us also," Hou-Taing Eng said.

The country has no chemical fertiliser and "because of financial problems" the Phnom Penh government could import only 3,600 tons of the 35,000 tons it wanted for 1990.

"We are trying to encourage the private sector to import fertiliser and insecticides," he said.

The farm economy has begun to reap benefits from the 1989 decisions to phase out central controls and introduce the efficiencies of the private sector, he said.

"A tractor in private hands ploughs three times the land that a state-controlled tractor does," the planner said.

Other capital projects called for in the 5-year plan involve electricity generation, the creation of a food processing industry and road improvement.

The top priority among projects that do not require large capital expenditure was the drafting of laws to match the open-door investment policy already adopted by the government, Hou-Taing Eng said.

Cambodia was hampered in the task by a lack of experts capable of drawing up laws compatible with international standards, he said.

"Until we have such laws, foreign investors will have no guarantees to protect their investments."

**Heng Samrin's Early Career Profiled***91P30077A Vientiane PASASON in Lao 30 Nov 90  
pp 1,5*

[Article: "Short Biography of KPRP [Kampuchean People's Revolutionary Party] Secretary General and Chairman of the SOC [State of Cambodia] State Council Heng Samrin"]

[Excerpt] Comrade Heng Samrin was born 25 May 1934 into an impoverished farm family in Ponhea Krek District, Kompong Cham Province.

In 1959, during the civil war against the oppressive feudalist and reactionary regime and the lackeys of American imperialism, the comrade joined the ranks of the KPRAF [Kampuchean People's Revolutionary Armed Forces] in the western part of the country. He was assigned to headquarters duties as the chief of the signal communications unit. Then he became chief of the defense unit and was named chief of the guerrilla sector from 1968 to 1969.

In 1970 during the American imperialists' war of aggression, the comrade was assigned to the ranks of the KPRAF. After that, he operated in company, battalion, and division headquarters. He was the commander of the Western Zone's military commission.

After 17 April 1975, he became aware of the savage behavior of the Pol Pot, Ieng Sary, Khieu Samphan clique which was carrying out its policy of genocide. The

comrade thought of this menace and rose up in resistance against them. By 25 May 1978, he was leading the cadres and people throughout the eastern zone into flight from the ranks of the traitors so as to establish a force to fight strongly against the Pol Pot traitors.

In early January 1979, at the Third Party Congress, the comrade was elected to the party central committee and a day later, liberation day 8 January 1979, he was appointed chairman of the Kampuchean People's Revolutionary Council.

In 1980, he was elected chairman of the National Commission to Eliminate Illiteracy and for Supplementary Education. [passage omitted]

### Journalist Describes Treatment by Troops

91SE0068A Bangkok BANGKOK POST in English  
12 Nov 90 p 8

[Excerpt] Aranyaprathet—A British freelance photo-journalist was detained and later released unharmed by Heng Samrin soldiers Saturday after entering their area to see a black market.

David Found, 33, who said he was working for the Panos Pictures of London, checked in at the Inter Hotel in Aranyaprathet last Monday.

On Saturday afternoon he hired an employee of the hotel, Nopphakul Hanphayong, to take him to Ban Khok Sabang, about 15 kilometers southeast of Aranyaprathet, to see the black market there.

They then travelled into Poi Pet District of Cambodia and were detained by Heng Samrin troops at about 4 pm.

Heng Samrin soldiers informed Thai forces they had detained the pair.

They said they had no intention of harming them, but wanted to know why they were there.

Nopphakul was released first, at about 8 pm and the Briton was set free two hours later.

Heng Samrin commander of the area from Poi Pet to Sisophon, Maj-Gen Moi Marn, accompanied Found back to the border and handed him over to Thai officers.

Before releasing the photo-journalist, the Khmer commander told him he would be allowed back in the future—when peace is established and trade relations are set up with Thailand on an official basis.

Found said he had been treated well by the Heng Samrin soldiers.

"They offered me Guinness beer, which I declined and offered to pay me 120 baht for each roll of film that they confiscated," Found said.

He said the Khmer soldiers refused to return his film of the black market.

Heng Samrin soldiers believe most foreign journalists get into their country with Khmer Rouge contact and therefore they mistrust them.

They are afraid their pictures and what they see inside could provide military secrets for the Khmer Rouge and other resistance groups. [passage omitted]

### Correspondent Views Buddhism, Khmer Rouge Situation

91SE0103A Bangkok BANGKOK POST in English  
5 Dec 90 p 4

[Article by Kevin Cooney]

[Excerpts] [passage omitted] "We believe the monks are very important for Cambodia," a senior foreign ministry official said. [passage omitted]

"So we are encouraging Buddhist monks, and other religions, to take up again the role of moral education," the official said.

"The people must be taught that if you kill a person you will pay in your next life," he said. "People must learn again the value of human life."

Chea Sim, chairman of the National Assembly and regarded by most people here as the most powerful man in Phnom Penh, frequently makes himself available to attend Buddhist functions and often receives delegations of monks visiting from abroad. [passage omitted]

This weekend's festivities began on Friday when peasants began clearing the scrub around the Bayon, part of the Angkor Wat temple complex and one of the finest examples of Khmer culture that thrived here between about 900 and 1342 AD.

Monks struggled to set up a temperamental loudspeaker system. Kerosene-powered generators made ice to cool the fruit, sweets, beer and soft drinks. Smoke from the grilling of chickens filled the air.

As the full moon rose, the huge faces carved on the four sides of each of the Bayon's many towers, representing sympathy, kindness, equanimity and passivity, looked down on the party.

Young soldiers, bored with the task of guarding a national treasure that is never attacked, put down their rifles and got drunk.

Government officials say they are prepared for an attack soon from the Khmer Rouge, allied with two other guerrilla forces in an effort to topple the Vietnam-backed administration in Phnom Penh. Local folk say the Khmer Rouge has not made its presence felt here in years. [passage omitted]

### Specialist Comments on Conditions, Foreign Ministry Policy

91SE0103C Bangkok *THE NATION* in English  
5 Jan 91 p A8

[Article by Michael Vickery, an expert on Cambodia, who is a visiting professor at University Science Malaysia, Penang. In a recent visit to Phnom Penh, he finds Cambodians relatively much better off than they were just two years ago when he last visited the city. First report in a series.]

[Excerpt] [passage omitted] At the end of last November I was able, for the first time in two years, to visit Cambodia for a direct view of the changes which have occurred.

Pleasant surprises were in store. At the Cambodian consulate in Saigon I asked to drive to Phnom Penh rather than fly. On previous trips this had meant tedious discussion, calls to Phnom Penh for permission, requests for Vietnamese Foreign Ministry guides to the border where one was met by other guides sent from Phnom Penh to take the traveller to a designated hotel and an appointment with the Foreign Ministry Press Section. At times there was even a problem renting a car through the Vietnamese authorities.

Now it is a simple commercial operation. "No problem," the consul said. "Just tell me when you want to go and I'll set up a car for you." No guides either: just the driver and I, and on departure the consul remarked, "I haven't phoned Phnom Penh about you, to save money. When you get there just check into a hotel and then go over to the Foreign Ministry to tell them you have arrived."

Similar novelties waited in Phnom Penh. There was freedom to pick any of the several hotels newly opened since 1988, and competition has driven the price for a basic room with toilet, shower, fridge, and air-conditioning down from the earlier rock bottom \$17 at the Monorom to \$7-8 in the now popular Asie and Santhipheap, the latter favoured by emigre Khmer flocking back on visits from the United States, Canada, and France.

The next morning at the Foreign Ministry was equally casual. "Glad to see you again, hope you have a pleasant stay," one Cambodian official said. There was no more need for an official car or guide unless I went outside Phnom Penh, which I had not planned in the short time at my disposal.

My first errand was to contact old friends from the 1960s, a project which in previous years meant an official request, car and Foreign Ministry guide. This time I just showed up at the Municipal Education Office where one of them worked to invite her, her husband, and another couple for dinner the following evening. No one at her office showed any surprise, as though

strangers dropping in for a chat was no more controversial than in 1960 (and less so than after 1964 when Sihanouk's regime hardened).

Three more lunch and dinner meetings with them and other pre-war colleagues, whether in a restaurant or in their homes, were equally uncomplicated, and they all commented on the increased personal freedom compared with earlier years. All of them have responsible middle-level official positions, make ends meet with combined salaries and family members in the private sector. They are happy to have received legal title to the houses assigned to them after 1979, and are cautiously optimistic about the future in spite of the universal fear that the Democratic Kampuchea (DK) coalition, including the Khmer Rouge, could be forced on the country again through misconceived Big Power plans.

A research objective on this trip was to collect the last two years issues of the Front, Party, and Army newspapers to complete my collection starting from 1979. This also used to involve a formal written request, a wait for permission, a car and guide. This time I took a cyclo to each office, made an informal verbal request, and returned the following day to collect the bundle, without any sign of suspicion or surprise that a foreigner was maintaining a collection of the local Khmer-language press.

This is not only an improvement in freedom under the present government, but also in comparison to the late 1960s when a foreigner collecting the Khmer press could inspire interest from the secret police, and an inopportune visit to a newspaper office caused near terror among the personnel.

As for the new economic freedom, its effects are visible in the improvements to housing, new shops, hotels and restaurants, consumer goods, and many more vehicles, which although not signs of productive investment or what a poor country needs in wartime, at least demonstrate increase of wealth in private hands, still lightly taxed, if at all.

Where, then, is the 'hardline' threat about which the Western press is so worried? Since late 1988 rights to private property have increased as has freedom for private business. There is more freedom of speech and for contact among Khmer and foreigners, with foreigners resident in Phnom Penh renting not only entire houses, but rooms and portions of houses in which they are in constant contact, sometimes sharing meals, with the local owners.

Are the 'hardliners' perhaps endangering the peace process, something which simple inspection could not reveal and in which concerned foreigners would have a legitimate interest? Should one take seriously the rumours of a Red Solution, a deal between the internal communists in the Phnom Penh government and the external Khmer Rouge which would marginalize the Sihanouk and Son Sann groups and would be bitterly opposed by the Cambodian people?



### Specialist Views Chea Sim Reputation, Policy Issues

91SE0103D Bangkok THE NATION in English  
6 Jan 91 p B3

[Article by Michael Vickery, expert on Cambodia who visited Phnom Penh last November and December. In this second of a three-part series, he examines the legend of Chea Sim, whom the Western press likes to portray as leader of the "hardliners" in Phnom Penh.]

[Excerpts] In recent months there has been a veritable explosion of stories in the Bangkok and Western press about the new prominence of Chea Sim, an alleged "hardliner," who is portrayed emerging as a counterweight to the 1989-90 liberalization associated with Hun Sen. The stories do not seem to be orchestrated, but rather the result of journalistic pack hunting. [passage omitted]

It is difficult to determine what the stories are based on, for they have been vague both as to sources, which may be understandable, and as to the "hardline" measures or policies which Chea Sim is supposed to favour. One certain source is the non-governmental organizations (NGOs) in Phnom Penh, in particular reports by their diplomatic consultant, who although sympathetic to the Phnom Penh government, seems to be uncritical with respect to his own sources, and excitedly emphasizes the worst rumours about impending dangers.

I asked one NGO head, whose own background as a one-time Marxist-sympathizing student has immunized him against knee-jerk anti-socialism, why the NGOs were so concerned about Chea Sim. He answered that whenever there was an important public ceremony or meeting, Chea Sim was there playing a prominent role; and suddenly I realized what might have happened.

In the last two years there has been a dramatic increase in the number of NGOs and foreign aid personnel in Phnom Penh, from a mere handful in 1988 to nearly 40 organizations and 200 people now. Few of the new personnel were familiar with Cambodian personalities. They of course knew Heng Samrin, if only because of the journalistic shibboleth "Vietnamese-backed Heng Samrin regime," and Hun Sen would have been familiar to anyone reading, however casually, news of Cambodia.

But Chea Sim, until the latest anti-Phnom Penh press campaign, was hardly mentioned except in specialist studies.

Suddenly, one arriving in Cambodia in 1989 and 1990 our NGO innocents see another face appearing daily on Phnom Penh television and in public gatherings, they learn that he was one of the former DK officials in the present government, that he may object to the negative effects of economic liberalism, and the "hardline reaction" is born.

Could it not, nevertheless, be true?

Is Chea Sim gaining in power and influence at the expense of Heng Samrin, and more importantly Hun Sen, or are the first two, ex-DK "hardliners," countering Hun Sen's supposed liberalism, perhaps even aiming for the Red Solution?

A Kremlinological analysis of the Cambodian press does not support either hypothesis. A count of prominent front-page appearances of all three in the party newspaper PRACHEACHON during 1989-1990 and in 1986, Hun Sen's second year as both prime minister and foreign minister after his ranking had been consolidated, shows Hun Sen given more front-page prominence than either Heng Samrin or Chea Sim in both 1989 and 1990, whereas in 1986 both of them had appeared more often.

Moreover, the number of Hun Sen's front-page appearances increased from 1989 to 1990 (55 to 62), while those of both Chea Sim and Heng Samrin decreased slightly, Chea Sim from 44 to 41 and Heng Samrin from 49 to 48. Neither does KAMPUCHEA, organ of the Front, Chea Sim's own organization, help the "hardline" case. Hun Sen is less prominent, perhaps only because that paper gives less attention to foreign affairs, but space devoted to him was steady in all three years and equal to Chea Sim in 1986 and 1990.

Heng Samrin dominated throughout, with equivalent attention given to Chea Sim only in 1989, the year of allegedly Hun Sen-inspired liberalization, and when KAMPUCHEA was under an editor close to Hun Sen.

The new public prominence of Chea Sim, "seen" by NGO workers and transient journalists, seems really to be a result of their previous lack of familiarity with the country. [passage omitted]

But supposing that behind the scenes Chea Sim, who after all is second-ranking member of the Politburo, president of the National Assembly, and president of the Front, and therefore a person of undoubted power and influence, really is showing his muscle, what precisely are the "hardline" policies which he might wish to impose against Hun Sen?

The journalists love to prate about a Chea Sim-inspired suppression of the new liberal economic policies with which Hun Sen has been associated—increased private ownership of housing and land, the end of attempts to collectivize agriculture, more freedom for private market activities, in particular import of foreign goods via Koh Kong.

These measures have been popular, at least in Phnom Penh, and among those with extra cash or valuables to invest or spend on luxuries. Even state employees living on exiguous salaries were happy to receive title to the houses in which they had squatted with tacit government approval since 1979.

The other side of the coin has been the 400 percent devaluation which has hit all those on salary, has probably hurt farmers who are not in a position to receive a

corresponding increase in prices for their products, has created a new group of conspicuously wealthy Phnom Penhites, and widened the gap between city and country.

As those who now worry about Chea Sim delighted in reporting all through 1989, one effect of economic freedom was widespread corruption and scandalous profiteering by some of those in power, extending, so they said, right up to the country's top families.

Certainly these developments trouble Chea Sim, and no doubt others who are not at all "hardline," in fact all but the profiteers who flaunted their wealth in the new night spots until some controls were recently imposed on them.

Chea Sim may well be saying that certain of the liberal developments must be reigned in. At the very least some of the new and largely unproductive wealth must be taxed. Before Western journalists express shock at "hardline" economic measures they might take note that so far no effective taxation has been applied on the imports from Thailand, Singapore, and elsewhere which pass through Koh Kong, and increased taxation, particularly in that sector, is in the cards for 1991.

Other "hardline" measures were explicitly suggested by Chea Sim in a 4 December televised conference at which he addressed Health Ministry officials. One of the problems he said must be solved is the vast quantities of outdated, fake, and dangerous medicines which have so far been imported untaxed, and sold without restriction in private pharmacies and street stands, a concern which health workers have voiced for 10 years.

Chea Sim said that new regulations must be introduced to control the import and sale of medicines, and that none should be sold until certified by government experts. He was speaking to the right audience, for most of the private pharmacists are also Health Ministry officials.

Another problem Chea Sim emphasized was the attitude of doctors to patients. He complained that too often doctors were impolite or arrogant to patients, particularly the poor (a problem not unique to Cambodia), and he said they must change their attitude.

A third problem was the scarcity of doctors in distant provinces. All graduates of the medical school, he said, want to stay and work in Phnom Penh, and the state should begin to take measures to require doctors to serve some time in rural areas.

These are some examples of Chea Sim's "hardline" ideas, suggesting policies and regulations which are normal throughout the world, but which have not yet been applied in the anarchically "liberal" situation which Cambodia could not avoid because of the penury of trained personnel and state resources after 1979.

Among his audience were several NGO foreigners whose presence illustrates the new opportunities they have for association with local colleagues and observation of the Cambodian leadership, but which may lead to misunderstanding when, as in this case, they had no idea of what was being said. Perhaps, bored themselves, and noting the glum expressions of the conferees who were being chided for profiteering and shirking of duty, they may imagine they were witness to an example of "hardline" repression of freedom.

Interestingly, Chea Sim linked the problems he cited and their solution to the coming free elections, which he treated implicitly as a foregone conclusion. He told his audience that if *they*, that is the Cambodian government and its officials, did not get the people's support they would lose the election, and would *thereby lose their present positions*.

Doctors and pharmacists, in order not to lose potential electoral support for the government, must henceforth make sure that patients get good medicines, are treated politely, and in distant provinces receive at least minimal care.

Chea Sim certainly knows what he is talking about. As one of the old guard of revolutionaries, he was part of the Pol Pot-led revolutionary apparatus in the days when it was winning popular support among the poor and in the countryside, against a Phnom Penh which appeared increasingly as the home of the wealthy, arrogant, and exploitative.

It was with such support that Chea Sim and his comrades withstood U.S. bombing and conquered Phnom Penh in April 1975. He may well be more sensitive to the danger of social divisions than younger people who only joined the revolution in the 1970s, and who since 1979 have emphasized the role of foreign powers in the Pol Pot victory rather than the popular support which that group once enjoyed. Chea Sim no doubt agrees with the remark of an Australian education adviser to his Khmer counterpart last month that "every imported Mercedes costs the government 10,000 votes."

### **Habibie Calls on Japanese Prime Minister**

91SE0064C Jakarta MERDEKA in Indonesian  
22 Nov 90 p 8

[Text] B.J. Habibie, minister of Research and Technology, made a courtesy call on Japanese Prime Minister Toichi Kaifu on Tuesday [20 November]; they exchanged ideas on the continuation of Japanese-Indonesian cooperation in the field of human resource development.

"Kaifu considers human resource development very important, because it not only will determine Indonesia's future but it will also determine the future of the Pacific Basin, which contains both countries," said Habibie, after being received by the prime minister in his office.

Prime Minister Kaifu also said that Indonesia and Japan will play important roles in the economic development of the Pacific Basin in the next century.

He added that the Japanese government has been paying continuing attention to the development of human resources

Prime Minister Kaifu also sent his best wishes to President Suharto and expressed his appreciation for the president's presence at the ceremony crowning Emperor Akihito on 12 November.

Besides meeting Kaifu, Habibie also held meetings with the minister of Education and Culture, with the chairman of the OECF (Japanese Foreign Economic Cooperative Organization), with the Japanese minister of Research and Technology, and with Miyazawa, the leader of the LDP [Liberal Democratic Party].

Habibie and the chairman of the OECF went into the question of further cooperation to increase human resources and into the attention being paid by that organization to the development of Batam Island, especially to the construction of a dam for drinking water there.

Habibie and the Japanese minister of Research and Technology went into the possibility of bilateral cooperation in sophisticated research and technology, especially in the field of aerospace technology. At the meeting with Miyazawa, Habibie explained Indonesia's development scenario, especially from the point of view of science and technology and its projection up to the year 2000.

### **Atmospheric Research**

In addition to human resource development, the Habibie-Kaifu talks also went into projected cooperative efforts to construct the International Center for Equatorial Atmospheric Research (ICEAR) to be built in West Sumatra.

Kaifu thinks that the development of ICEAR should be carried out through international and not bilateral cooperation because the project concerns problems of worldwide climate, which are of international importance.

Habibie said that he and the Japanese minister of Education and Culture also went into this problem, especially in connection with preparations for possible feasibility studies to be carried out by the University of Kyoto and by a Japanese team.

These feasibility studies will also receive Indonesian and Japanese aid and the results will, it is hoped, provide a solution to the feasibility of building the ICEAR.

The minister told Prime Minister Kaifu that constructing the ICEAR had been discussed in detail with the Japanese minister of Education and Culture.

### **Finance Minister Says No Currency Devaluation**

91SE0064A Jakarta KOMPAS in Indonesian 28 Nov 90  
pp 1, 11

[Text] There is no need to worry that the government will devalue the rupiah. As of October 1990, official foreign exchange reserves in government hands alone reached \$6.827 billion, and it is estimated that there will be \$8.4 billion in reserves by the end of the 1990-1991 fiscal year. Since the government is also determined to maintain monetary stability by controlling the rate of inflation and the exchange rate of the rupiah, there is no need to worry about a possible devaluation.

Minister of Finance J.B. Sumarlin stated this firmly the first day of his Working Meeting with the APBN [National Budget] Commission in Jakarta yesterday.

Sumarlin said that people should not perceive that the decline in foreign aid might result in a shortage of foreign exchange, which would bring about the possible need for a devaluation of the rupiah. He said this, "Because our experience up to now indicates that people worry about the possibility of a devaluation not because the rupiah is overvalued, but rather due to a mistaken perception that a decline in the price of oil and of foreign aid will deprive the government of foreign exchange and so necessitate a devaluation."

The best way to counter such a perception, Sumarlin said, is to show that the government still has sufficiently large amounts of foreign exchange. "Besides continuing to maintain an attractive business climate so as to attract foreign capital and to stimulate foreign investment in Indonesia," he said, "the Indonesian government is always trying to maintain monetary stability so that our people will always be hopeful and have a positive perception of the economy."

The minister also stated firmly that the government will not relax its policy of tight money until inflation has been brought under control. "Past experience shows that

uncontrolled inflation is harmful to society, especially to people on a low or fixed income because their real income declines," he said.

Rapid inflation will also provide an impetus for speculative investments and therefore will obstruct productive investments. "People's desire to save, which is needed in order to fund investment, will also be reduced," said Sumarlin.

Nevertheless, Sumarlin admitted that tight liquidity makes it hard for businessmen to obtain credit for use as working capital and for long-term investment. "So, the sooner we bring inflation under control, the sooner we will end or reduce that tight-money policy," he said.

Tightening money is not the only way to control inflation. "It must be balanced by something in the real sector, in the sense that things must be readily available and distributed quickly," said the minister.

### 3.4 Trillion Rupiah Contraction

The development of Bank of Indonesia credit liquidity has also decreased, from 17.4 trillion rupiahs at the end of March 1990 to 14 trillion rupiahs at the end of October. "This means that there was a 3.4 trillion rupiah contraction of primary money between April and October of this year," explained the minister.

The decrease in credit liquidity has resulted in a decline in bank liquidity so that the banks have become more cautious about managing their funds. The money supply is limited and investing funds in the interbank market has become riskier, which leads to an increase in the interest rate. "The Bank of Indonesia is still helping to overcome this through its discount facilities," continued Sumarlin.

The minister said that interbank funds and interest rates are not a means of monetary control but merely indicators for monitoring bank liquidity. "The Bank of Indonesia is always monitoring the interest rates of the interbank money market, day and night," he claimed. "If it declines, it means that the money market has been supplied with too much money; a rise in the rate, on the other hand, indicates that there has been a limitation on the supply."

At the same time, the sale of Bank of Indonesia Certificates (SBI) reached 14.9 trillion rupiahs between April and October 1990, and 16 trillion rupiahs were redeemed so that the SBI position was 1.1 trillion rupiahs at the end of October 1990 compared with 2.2 trillion rupiahs at the end of March. "This decline is closely linked to monetary tightening through a decrease in credit liquidity," said Sumarlin.

The SBI 7-day interest rate was 10 percent and the 3-month rate was 13.94 percent in March 1990; these figures rose to 15.75 and 17.88 percent respectively in September and to 16.25 and 19.25 percent respectively

in October. The rate on discount funds I, which was 16 percent in March 1990, rose to 19 percent in October.

"We are aware that an increase in interest rates caused by a tightening of liquidity can influence investment activities," said the minister. "But tight money policy is absolutely necessary to maintain monetary stability, and this, in turn, is an important factor for continuing investment in the future."

### One Trillion Rupiahs in Arrears

Sumarlin also revealed that since 1984 1.08 trillion rupiahs of tax arrears have been recorded. This consists of 50.8 billion rupiahs in individual income taxes, 727.8 billion rupiahs in corporate income taxes, 175.4 billion rupiahs in Value Added Tax and 129.1 billion rupiahs in other taxes.

These arrears have come about because of various tax determinations, such as, a tax determination letter (SKP), a tax dunning letter (STP) and a surtax determination letter (SKPT), which had been issued but have not or have not yet been paid by those responsible. "In general, arrears due an SKP or SKPT are much larger than those due to an STP," said Sumarlin.

The following dunning actions have been taken: 370,851 letters of enforcement and 42,394 letters of confiscation have been sent out; there have been 83 announcements of auctions and 55 cancellations of auctions; and 21 auctions have been held.

"Educating the sheriffs (increasing their number and quality), improving the administration of tax receivables and giving dunning priority to greater payment of other taxes has also increased the liquidation of arrears," continued the minister.

### Minister Urges Oil Conservation

91SE00784 Jakarta KOMPAS in Indonesian 20 Dec 90 pp 1, 11

[Text] Jakarta (KOMPAS)—The public is asked to economize on the use of BBM (petroleum fuels), because current consumption far exceeds production. This requires more imports of BBM and greater expenditures of foreign exchange.

After Minister of Mining and Energy Ginanjar Kartasasmita and PERTAMINA [National Oil and Natural Gas Company] Principal Director Abda'oe reported to the president at Freedom Palace on Wednesday afternoon [19 December], Ginanjar said that domestic BBM use has been rising from year to year.

Projected consumption in fiscal 1990-91 was 31.2 million kiloliters, but actual consumption has reached 34.6 million kiloliters. Because production capacity is only 32.5 to 33 million kiloliters, it has been necessary to import 1.5 million kiloliters of some types of BBM.



Ginanjari rejected the view that the call for conservation of BBM is related to possible increases in BBM prices. He stated that if domestic consumption is reduced, imports and BBM subsidies can be cut back and energy resources conserved.

Ginanjari reported to the president on the results of last week's OPEC conference in Vienna, which for the sake of oil price stability agreed to adhere to the August decision to maintain the highest possible production. OPEC will not return to the July agreement on a production of 22.5 million barrels per day at \$21 dollars a barrel until the Gulf crisis is resolved.

### 1.5 Million Barrels

Unlike the meeting of last August, when only 10 member countries signed the agreement and Iraq, Libya, and Iran opposed it, last week's agreement in Vienna was signed by all 13 member nations. Consistent with the agreement, current OPEC production is about 23 million barrels per day, and production is expected to increase to 24 million barrels as winter approaches.

The minister said that Indonesia is now producing 1.4395 million barrels per day, which is above quota. Production in November was 1.3303 million barrels per day. He said that because the price is good, Indonesia will produce as much as possible without doing technical damage to oil fields as long as the Gulf crisis continues.

A production of 1.5 million barrels is planned for January. This will be possible because the Widuri Field in the Java Sea is to increase its production from about 90,000 barrels to 250,000 barrels per day. The Widuri Field is being worked by Maxus (from the United States) and will soon be officially inaugurated by the president. The Duri Field in Riau will raise its production to about 300,000 barrels per day.

He said that the price of Indonesian oil (Minas) in December is \$29.10 per barrel, which is less than the November price of \$33.57. When peace is reached in the Gulf, there probably will be a downward pressure on prices. If, however, OPEC consistently maintains a production of 22.5 million barrels, prices will probably not drop below \$18.00. If production exceeds that figure, prices could fall to \$16.00.

### Indonesian Workers in Saudi Arabia

The president also received a report yesterday from Minister of Manpower Cosmas Batubara about, among other things, the safety of Indonesian workers in Saudi Arabia and the sending of Indonesians to Japan for training.

He said that in view of the worsening crisis in the Gulf, which may erupt into open war, the Department of Manpower has formed a team to be sent to Saudi Arabia to protect the 9,814 Indonesian workers there.

The team members will be assigned to 10 major cities to set up communications posts to give guidance and help

when the Indonesian workers need assistance. The cities are Riyadh, Jeddah, al-Dammam, Dhahran, Tabuk, Mecca, al-Medinah, Abha, al-Jiz'ah, and al-Ta'if.

He said that Indonesian workers are still being sent to Saudi Arabia, but not as many as before. Requests for them are actually on the increase, as are the numbers of people who want to go. "We are waiting, however, to see what the situation will be in December and January," Cosmas said.

Concerning workers who are being sent to Japan for training, the minister said that the first group is working with Sumitomo and consists of 256 people. All are SMA [high school] graduates and have undergone a selection process. In Japan, they will work in factories and will be paid at slightly less than Japanese standards. After completing their training, they will return to Indonesia. The first group will then be employed at the Sumitomo plant on Batam Island.

### Factors Affecting Second 25-Year Development Phase

91SE0078B Jakarta KOMPAS in Indonesian 18 Dec 90 pp 1, 8

[Text] Bandung (KOMPAS)—Three big issues will be the main challenges to the next 25-year development phase. Besides the explosion of our population, which is expected to reach 290 million by 2018, there will also be the issue of economic transformation and the trend toward economic globalization.

This was among the matters that Prof. Emil Salim, minister of state for population and environment, presented on Monday [17 December] in the 1990 Indonesian Army Seminar, which is being held at the SESKOAD [Army Staff and Command School] in Bandung.

Emil Salim said that the basic principles for the resolution of the population explosion problem are population distribution and a return to the "ants and sugar" philosophy. To distribute the "sugar" to provinces outside Java, governmental and political structures need to be modified.

Decentralization, such as by making governors to be assistants to the president, will give liberty to governors to make decisions on development plans that they themselves draw up. Such a modification will enable resolution of the career system problem that has made smart people unwilling to live in the provinces. "They have always felt that it is better to be ministers' staff members, or whatever the positions might be called, as long as they remain in Jakarta. This would not continue to be so, for the highest position in the provinces would no longer be limited to grades less than that of director general," Emil said.

A political structure modification in the form of a district system for general elections would be a response

that anticipates future demand and truly gives priority to local aspirations. "These two changes could be called 'powerful incentives' to the distribution of human resources, which always have been centered in Java," Emil said.

Emil Salim also spotlighted the disparity between the village and urban sectors. He feels the inequities exist because farmers are wrongly undervalued. As a result, farmer organizations in villages may be needed to safeguard farmer interests where they conflict with urban interests. In any case, Emil said, the second phase of development must be more beneficial to farmers. Unless there is improvement, the existing agricultural intensification and "extensification" programs will not have much meaning for them.

Touching on the issues of even distribution and social justice, Emil explained that industrialization programs and the trend toward globalization contain potential for conflict.

Industrialization, which is being pushed toward export programs, will increasingly leave the traditional industry sector behind, although the traditional sector will continue to exist. This problem of dualism can be resolved only by a program that relates the two sectors.

The same is true of globalization, which unavoidably compels privatization and reformation of the public sector. It will also bring pressure for deregulation and a market economy. The consequences will be consumerism and materialism. Such a situation, Emil said, will have potential for conflict between the affluent and those who are not. This situation must be anticipated by steps toward even distribution and social justice.

### **Economic Development**

Prof. Mubyarto said in his presentation that the economic development we have achieved so far is not fully satisfactory, since it has left 30 million people (according to 1987 data) living below the poverty line.

Our choice must be to continue this economic development while orienting it more to fairness and prosperity for the people who have been left out. The seminar's theme, "Strategy for Development of Human Resources," should be expanded to "Strategy for Development of Indonesians."

Mubyarto feels that the problem of economic disparity in Indonesian society is closely linked to the aspects of even distribution that have not progressed well. From the viewpoint of growth, the Indonesian economy has had startling performance with an average growth of 6.7 percent (1969-1989).

Our economic growth cannot be called bad by any means. He said that without this growth "everyone would still be poor, and because of our increased population poverty would be even more serious."

Mubyarto feels that the change of orientation from economic development to human resource development, which is the theme of the seminar, is being made too quickly. The problem is that development so far has not brought material prosperity to all the Indonesian people.

"There may be prosperity, but there is no fairness," he said. For that reason, Mubyarto added, growth is still needed to raise per capita income from the current \$520 to \$1,000.

Mubyarto is confident that this can be accomplished by adding the aspect of even distribution to the current orientation of development. "A concrete way out of this disparity can be found by conducting development that is partial to people at the bottom," Mubyarto said in answer to a question.

### **Practice Religion**

Dr. Nurcholish Madjid, specialist staff member of the Indonesian Science Institute (LIPI), said that the important thing we must consider is how to practice religion. Adherence to religion is not to be limited to symbolic, formal aspects, such as worship, ritual, and sacraments, but is to be extended to performance of deeds based on profound and comprehensive realization of the meaning and spirit of religious instruction.

In a paper entitled "Strategy for Human Resource Development in the Second Development Phase: Sociocultural Aspects, Particularly Religious Life," Nurcholish explained that symbolism is indeed important, for no individual or society can live without certain symbols.

These symbols, he continued, are actually simplified forms of things that make understanding easy. If the symbols become absolute, however, and the meaning behind the symbols is forgotten, the means will have replaced the end. The instrumental will have replaced the intrinsic.

Therefore, there needs to be a reordering. "Little by little, there needs to be a reordering of religious structure and values, so that the primary will remain primary and the secondary will continue to be secondary, and so on. This is necessary so that values will not be confused or put in the wrong order," he explained. He said that this absolutely does not mean that religious (and social) teachings and values will be dismantled, modified, or replaced.

Man does not have the right to change anything that comes from God. Because perceptions and understanding of religion are within a cultural sphere created by man, however, it is possible that such perceptions and understanding will be influenced by this man-made cultural framework and system.

At another point in his paper, Dr. Nurcholish Madjid explained that the most obvious manifestation of current improvement in religious life is the sharply rising interest and enthusiasm toward religion on the part of

young people. "This is especially true of educated young people, as reflected in religious life on campuses and in the activities of various teen groups associated with mosques," he said.

The New Order has been successful in creating a beneficial religious climate, which has produced a number of concrete results. Therefore, it is proper that these results should be the foundation for human resource development that is accompanied by ongoing religious enthusiasm.

Nevertheless, it is clear that these indications, which Nurcholish said are encouraging, should be studied for the truths that lay behind them. "If we compare these indications with similar ones in neighboring countries with Muslim majorities, we see that the enthusiasm for religious life among young people is related to a desire to have something firm to rely on in life," he said. One of the reasons for this desire is a spiritual uncertainty arising from a feeling of having lost the meaning of life in a society that is rapidly changing as it undergoes modernization and development.

If in the Second Long-Term Development Phase (PJPT II) Indonesia is successful in reaching the same level of development as that of the advanced countries, it is very logical to anticipate sociocultural crises such as tendencies toward fundamentalism. "Ways may be available to prevent this, but it clearly requires a strategy that is not limited to encouragement to practice religion in the ritual (worship) sense," he said. On the contrary, a strategy is needed that will encourage vigorous growth of realization of the meaning of life through more extensive and profound understanding and appreciation of religious teachings.

#### Need To Observe

Prof. Dr. Selo Sumardjan, professor of sociology at the University of Indonesia, said in his paper that national development and the growth of society need to be planned, or at least observed and controlled, by the government in a way that will safeguard balance among sectors in society. Naturally, this must be done by taking into account the characteristics and capabilities of society at each sociocultural development stage.

A system for guaranteeing comprehensive development of Indonesian society has in fact been in use for 10 years. The system has touched only the village community, however, and not all of society. The Department of Home Affairs has divided Indonesian villages into three development stages. The self-supporting stage is similar to the traditional stage. The self-developing stage does not differ much from the transition stage, and the self-sufficient stage is similar in concept to the modern society stage.

He hopes the government will give proportional aid and guidance to the traditional community in order to minimize sociocultural disparity and lay a foundation for

development among these three stages. The main objectives should be to strengthen and enhance the quality of local government and to encourage development initiative among nongovernmental circles.

#### Rights Violations Found in Garment Industry

91SE0064B Jakarta KOMPAS in Indonesian 22 Nov 90  
p 6

[Text] Workers' rights violations have upset workers in the DKI [Capitol City District] Jakarta; most of these violations were found in the ready-made garment industry. There were all different kinds of violations, from minimum wage violations to workers's rights violations.

Drs Boedi Maryoto, head of the DKI Jakarta Regional Office of the Department of Manpower, told reporters yesterday that up to now it has been easy for entrepreneurs in the ready-made garment industry to find workers. "However, in general, all of the entrepreneurs in the ready-made garment industry know and understand the applicable labor regulations," he said.

There are a large number of workers in the ready-made garment sector because not much is required to work in this industry. "All you need is about a week of learning how to sew and the worker is ready to go to work for the company," said Boedi Maryoto.

Therefore, if some workers demand their rights, the boss does not hesitate to threaten them or fire them. "There is a high turnover in the ready-made garment industry in Jakarta," he added.

On the other hand, worker ignorance of labor regulations harms the workers themselves. The businessman can easily dismiss them without following the necessary procedures.

The regional office said that six of the 13 cases brought to trial in 1990 were in the ready-made garment industry, and that 14 of the 28 cases of worker unrest which were brought before the regional office in 1990 were also in this industry.

#### Unrest in TDG, Inc.

Boedi Maryoto said that his staff had met with the head of TDG, Inc., a ready-made garment business in the Pulogadung Industrial Park in East Jakarta, at the beginning of November and that they had discussed the six workers who had been dismissed.

"They promised to fulfill the workers' rights. If it turns out that the workers' rights are not fulfilled within a month of the meeting, we will issue an inspection notice," Boedi Maryoto stated firmly.

According to several workers at TDG, Inc. the company had dismissed or suspended the workers one after another starting in October. One of the workers, who was interviewed in the DKI DPRD [Provincial Parliament]



Building on Tuesday [20 November] said that those actions were taken against them because they had demanded their rights; they were accused of making false statements and of besmirching the good name of the company.

However, the workers said, they were only asking the company to live up to its obligations to the workers, e.g., granting menstrual leave, an annual vacation, and providing insurance (Astek). The workers also complained

that the company had not paid them when they were suspended.

In response to the workers' complaints, Boedi Maryoto said the TDG, Inc. case was being processed by the Provincial Committee for Resolving Labor Cases (P4D) and until the P4D reaches a decision, the company involved is not allowed to enter into work contracts. "Suspensions are allowed on condition that the suspended workers receive 50 percent of their salary," he said.

### **Saravane Locals, Officials Comment on MIA Searches**

91SE0105B Bangkok BANGKOK POST in English  
28 Dec 90 p 4

[Article by James Pringle in Saravan, Laos: "Why Did the Americans Bomb Us?"]

[Excerpts] Mother Youn runs the only Chinese restaurant in Saravan, a dusty provincial town which was once a key point on the Ho Chi Minh trail in southern Laos.

The town, on the edge of the Bolovens plateau, changed hands and was literally flattened three times as the Vietnam war spilled over into Laos. It still has a tentative, camped-in feel about it, though the population is now 30,000—few of them the original inhabitants.

One who did return is Me (Mother) Youn. Now 67 years old, Me Youn does not look like a Chinese Mother Courage but when the American bombs came to Saravan in 1970, she made an epic 10-day journey to safety with her 14 children.

The horror of the war in eastern and southern Laos, where the bomb-scarred landscape is still frightening to look at. [passage omitted]

Like many people in communist Laos, which has only recently begun opening up the interior of the country to Western correspondents, Mother Youn had never before been queried about what it was like to withstand a hail of bombs. [passage omitted]

When she was asked here on a recent day, this daughter of Chinese parents who settled in Laos earlier this century, spilled out a flood of memories which had her talking nonstop for 40 minutes. [passage omitted]

At first, civilians were not allowed to leave Saravan. "The Vietnamese soldiers told us not to be afraid of the planes, that the Americans would not bomb if they saw civilians," she said. "But they bombed day and night. Every time we cooked, they bombed." [passage omitted]

"It seemed the bombs would never stop," she said, gesticulating with her hands to indicate massive explosions in a way most people old enough to remember in this part of Laos describe the horrors of that massive conflagration. "I saw people die under the bombs and I saw the Pathet Lao soldiers carrying their dead and wounded." [passage omitted]

Mr. Thongphan Siriphachan, a local communist official, described the destruction of the town, when all was crushed under the bombs except a fragment of the old Buddhist temple of Muang Man.

The luminaries of the Lao communist pantheon stare down from the wall of his office, and there is a bust of Ho Chi Minh, the late Vietnamese leader, in an alcove. Outside the window is a massive crater.

"It's no secret that Vietnamese forces passed through here in trucks on the way to supply their forces in South Vietnam and this was a regimental HQ," he said. "The Pathet Lao authorised it, because the Vietnamese sacrificed their lives to help us liberate our own country."

"There was 24-hour bombing by the Americans, and Saravan was turned into a no-man's-land."

Mr. Thongphan takes a visitor to meet Abbot the Venerable Suroth Danpanya; Buddhism has had to make its peace with communism in Laos, and novice monks learn about Marxism-Leninism as part of their "social science" studies. But there is still a certain prickliness in the air, like that between a priest and a communist mayor in rural France or Italy.

Where much of the temple once stood is another gigantic bomb crater—clearly a 500 pounder—filled with water. Only a six-foot-high block of crumbling masonry remains.

"We hope to rebuild here, but funds are short and the Americans have offered us nothing," says the abbot, who prides himself on being able to identify most US aircraft from the Vietnam War period.

Like Mr. Kaysone Phomvihane, prime minister and secretary-general of the Lao People's Revolutionary Party, Mr. Thongphan says he attends ceremonies at the temple. "It's part of Lao tradition," he says.

But, despite a relaxation in the past few years between party and religion in Laos, he is not a believer. Asked about the Buddhist tenet of re-incarnation, he says: "It is not possible. When you die, you die for all time."

Standing beside the communist official at the ruined temple at sunset, the abbot responds cautiously: "For my part, I like to think we have the chance to have another life."

On the years of bombing, he says: "One who has not experienced war is not afraid of it until it comes; one who has experienced war knows what it is like; that is why people here never want to see war again."

At Lat Bok village, on the Bolovens plateau, now a peaceful coffee-growing region, Mrs. Mu On, aged 51, escaped the bombing by fleeing with her three children to the forest. "I was frightened and angry, but what could you do? You ate roots and bamboo shoots to stay alive," she says.

Smoking tobacco wrapped in banana leaves, she asks: "Why did the Americans bomb us? Sometimes when they come here looking for their dead, I want to ask them, but I don't have the courage."

**Eastern Savannakhet Officials Comment on MIA Searches***91SE0105A Bangkok BANGKOK POST in English  
27 Dec 90 p 4*

[Article by James Pringle in Tchepone, Laos: "Reminders of Devastation"]

[Excerpts] A gong fashioned from a bomb casing calls children to their straw and bamboo school near Tchepone at the hub of the former Ho Chi Minh trail in the western foothills of the Annamite Mountains. [passage omitted]

Despite the flotsam of war, the physical scars for the people who live perched on the edge of a bomb crater here are healing, though some say they still don't know who was bombing them or understand why.

Others have helped small groups of American soldiers from an interservice military group to look for the remains of the dead in downed planes and helicopters.

Some villagers say the Americans, who fought a nine-year-long "secret" war in Laos, promised to build them a hospital but have so far failed to do so, though local authorities cleared the ground.

Lao communist officials say because of this allegedly broken promise these people, members of minority tribes, will not reveal the whereabouts of other US missing in action they know about.

"These people saw the planes come down and buried the dead," said one local administrator. "They know where more graves are but are not now inclined to say." [passage omitted]

A drive south down one of the main rutted tracks of the Ho Chi Minh trail from Ban Dong, where there is a Lao customs post 12 miles west of the Vietnamese border, to the village of Ban Saloy reveals what the highland minority peoples here endured in the systematic carpet-bombing. [passage omitted]

At Ban Cheng, village chief Tmin (he has no other name) says people, including himself, do not know who was bombing them during a war that finally ended in 1975 when North Vietnamese troops entered Saigon. "We were not informed who it was but they wanted to kill us," he said.

Villagers say many military trucks used to pass on the nearby track and they sense the bombs were aimed at them: they say they do not know who was in the trucks. [passage omitted]

At nearby Ban Saloy, chief Nhim Bounlao, 46, says 17 people were killed by the bombing in his village. "We took shelter in caves in the mountains and cultivated our fields by night. When the planes came, you had to move quickly to find cover or you died."

He knows who was responsible. "It was the Americans, and they have been back to look for their dead. I told them how many of our people had died and they noted the figure down in a book. I did not dare ask for compensation for the families of our dead; I did not know how to say it.

"We are not angry with the Americans now, but if they come back to bomb us we will be angry again."

People still had disturbing dreams about the bombing, he said, and one man who was wounded and whose father was killed became mentally unbalanced and was still being cared for by his brother here.

There are two unexploded 250-pound bombs half buried in the earth near the centre of Ban Saloy. [passage omitted]

The biggest American-backed operation to try to cut the Ho Chi Minh trail was launched in February 1971. [passage omitted]

More than 5,000 South Vietnamese troops out of 17,000 in the failed operation were killed or wounded, plus 176 Americans dead and 42 missing. [passage omitted]

Khamhoung Sipaseuth, a Lao official who works with minority peoples along the trail south of here, claimed that 91 out of the 92 villages in his district were struck in the bombing. [passage omitted]

Nowadays, Vietnamese trucks are again on the road, but their cargo is less lethal—processed wood to be sold in Thailand.

Tchepone, a district capital, has a bright new market, and a population of 5,000, but it is still very poor.

"This was a strategic point during the war," said Lahoun Maphangvong, a local official. "Everything was destroyed. Now we have a school and a generator. Of course, it's nothing if you compare it with developed countries."

In the 15 years since the war ended, 30 people have been killed here by unexploded ordnance, including four this year, he said.

On the road, one sees villagers carrying bomb and shell casings to sell as scrap in Thailand: the refuse of a war that devastated their lives is now one of their main money earners.

## Foreign Investment Seen as Mixed Blessing

### Government Asked To Control Threat

91SE0077A Selangor SIN CHEW JIT POH in Chinese  
29 Nov 90 p 19

[Article by Yen Ch'ing-wen [1750 3237 2429], deputy director, Kuala Lumpur [7127 7185] Chinese Chamber of Industry and Commerce: "Government Should Regulate the Importation of Foreign Capital To Avoid the Extermination of Medium Size and Small Businesses"]

#### [Text] Prologue

**Is the large influx of foreign capital into our country a favorable turn, or is it a threat? Will the country's medium and small businesses become completely reshaped as a result of the impact to advance, thereby advancing to a new level, or will the impact force them into oblivion?**

At a seminar on the subject of "The Impact of Foreign Capital on Our Economy and Society," which was held under the joint auspices of this newspaper, the Kuala Lumpur Chinese Chamber of Industry and Commerce, and the Selangor Chinese Clan Association Economic Committee, both local entrepreneurs and foreign investors expressed views for the purpose of guiding the national economy and society toward a more healthy state.

[Kuala Lumpur 28 Nov Dispatch]. Kuala Lumpur Chinese Chamber of Industry and Commerce Director Yen Ch'ing-wen called on the government today to limit investment by medium and small foreign businesses in our country during the present period in order to prevent the country's uncompetitive medium and small businesses from being cruelly wiped out.

Yen Ch'ing-wen, who is also managing director of Chien-ta Holdings, also said the following last night at a joint seminar of this newspaper and the Selangor Chinese Clan Association Economic Committee on the topic, "The Impact of Foreign Investment on Our Country's Economy and Society:" Foreign medium size and small businesses are more competitive than small businesses in our country in terms of management, markets, and production technology. If you compare them to first rate ball players, we are second rate ball players. When ball players of two different classes are in an unequal position, how can they compete in the same ball park?

He said that since Malaysia's 1986 policy adjustment, which loosened strictures on foreign equity ownership, a large influx of foreign capital has surged into the country, and the amount is increasing greatly each year. Foreign investment in Malaysia totaled 1.6 billion ringgits in 1986, 2.1 billion ringgits in 1987, 4.9 billion ringgits in 1988, and 8.6 billion ringgits in 1989. The situation in 1990 was even more astounding. During just the first two months of the year, foreign investment amounted to 4.91 billion ringgits.

He said that the positive role and advantages of foreign investment are the creation of employment opportunities, the technology and managerial skills it brings, the spur it provides to the development of local basic facilities, and the overall push it gives to the country's economic activity.

However, foreign investment also produces negative effects and challenges.

#### Negative Effects of Foreign Investment

Yen Ch'ing-wen believes the negative effects of foreign investment to be as follows:

(1) Foreign investors are extraordinarily picky in their choice of investment fields; they choose only the industries in which the greatest profits can be made, thereby creating imbalances in the industrial field for the local economy. In addition, it also results in a diversion of locally needed industrial resources to the industries they want. For example, in 1989 approximately one-fourth of total foreign investment, or about 3 billion ringgits was concentrated in electro-mechanical products and electronics.

(2) Most foreign capital is invested in the low technology field. Take the electronics industry, for example, which currently still produces mostly electronic replacement parts. This is about 80 percent of the industry's production. On the other hand, consumer electronic products and industrial electronic products account for only 13 and seven percent respectively of production.

(3) Foreign traders vary greatly. Some regard Malaysia as a rubbish bin in which to throw old machinery; some are opportunistic; and some take what they can get and leave. Statistics show that foreign traders repatriation of profits results in an annual loss of more than 5 billion ringgits for Malaysia.

(4) Most foreign investors select cities as sites for factories. This leads to an influx into cities of more rural residents, thereby worsening the imbalance in economic opportunities between rural areas and cities.

(5) When both large and small foreign traders flock into Malaysia, they not only engage in large manufacturing industries, but also "gobble up" even auxiliary industries and local medium size and small businesses, thereby threatening the existence of local medium size and small businesses.

(6) When foreign traders invest in the building of local plants, they need large numbers of skilled and semi-skilled workers. Since such workers are hard to find, they do not scruple at paying high salaries to "gain an edge." As a result, local medium size and small businesses are starved for talent.

In view of the foregoing six negative effects, Yen Ch'ing-wen said that some of them would have to be overcome by government authorities through actions such as adoption of a more prudent attitude, or selectively bringing in

foreign investors, who should be allowed to participate in high technology, capital-intensive, and export-oriented industrial fields, while auxiliary industries, including downstream industries, should be retained for local investors.

#### Dealing With Issues in Two Parts

Regarding the impact of foreign investment on local businesses, particularly on medium and small businesses, he believes that the problem has to be dealt with in two parts. On the one hand, government has to regulate the importation of foreign capital, particularly the "gobbling up" of local medium and small business auxiliary industries to avoid too vicious competition that results in medium and small businesses, which are inferior in terms of capital, technology, and markets, from losing their footing.

He also emphasized, however, that operators of medium and small businesses should also not rely too greatly on protection from government authorities. Local businesses must coldly analyze and examine some problems.

They should not just blame foreign investors use of higher wages to snatch away workers without also devising ways to improve benefits of their own personnel.

Naturally, this means that we must reform our production methods, raise productivity, and improve the quality of management and technology so that local business will be able not only to face the competition and survive, but make a profit as well.

#### Exploration of Joint Operations With Foreign Traders

Yen Ch'ing-wen said that the Chinese are a people who possess a pioneering spirit. The older generation built a life with their bare hands under abominable circumstances. Our generation of businessmen of Chinese descent must possess a fearless spirit in facing and overcoming the impact of foreign investment.

At the same time, he hoped that local businessmen would not be too passive, indiscriminately regarding foreign businessmen as "the enemy." They must actively explore the possibility of linking hands with foreign investors in joint operations in order to attain the goal of common survival and common glory!

#### Investment Advantages Outweigh Disadvantages

91SE0077B Selangor SIN CHEW JIT POH in Chinese  
29 Nov 90 p 19

[Article by Lin Yuan-te (2651 3293 1795): "Advantages Greater Than Disadvantages From Impact of Large Influx of Foreign Investment Into Malaysia"]

[Text] (Kuala Lumpur, 28 November)

*Some people in the business world regard the steady influx into Malaysia of foreign investment as a great*

*crisis, but the director of the Kuala Lumpur Chinese Chamber of Industry and Commerce, Lin Yuan-te feels that foreign investment will not have an impact for long, and that it is by no means a danger. If they are able to raise product quality and improve management and technology, once the "impact" has passed, local medium and small businesses should be grateful for the impact of foreign investment.*

*Lin Yuan-te is also the managing director of Muda Holdings. At the seminar that this newspaper sponsored jointly with both the Chamber of Industry and Commerce and the Selangor Chinese Clan Association Economic Committee on the topic, "The Impact of Foreign Investment on Malaysia's Economy and Society," he said that looked at from the economic angle, the impact on Malaysia's economy and society of foreign investment has been more advantageous than disadvantageous.*

#### Survey of Foreign Investment in Malaysia

Foreign investment has always played a major role in the development of the country's economy. In the beginning, foreign investment was largely in the planting industry, the mining industry, and in the service trades. Only after independence did it begin to turn toward the development of industry.

In 1970, foreign investment accounted for 63.3 percent of the equity in the country's corporations, but declined to 24.6 percent in 1988. However, in terms of value, foreign investment increased from 3.377 billion ringgits in 1970 to 24.08 billion ringgits in 1988.

In 1989, foreign investment totaled 20.140 billion ringgits. According to a announcement a few days ago by Malaysian Minister of International Trade and Industry Datuk Seri Rafidah Aziz, during the first nine months of 1990, investment in Malaysia totaled 25.5 billion ringgits, an all time record.

#### Reasons for the Large Influx of Foreign Investment

The large influx of foreign capital of recent years has been attributable, in part, to the general fall in prices of primary products resulting from the world economic slump of 1985 and 1986, which caused numerous difficulties for the national economy. Government was obliged to examine our national industrial investment policy, liberalizing industrial cooperation laws to provide foreign investors with excellent inducements. It was also due in part to the appreciation of the Japanese yen, the Taiwan dollar, the Korean won, and the Singapore dollar, and America's rescision of general trade preference for Asia's four little dragons [Hong Kong, Korea, Singapore, and Taiwan], which caused these countries to shift their foreign investment to the ASEAN countries, Malaysia thereby benefiting.

#### Malaysia's Encouragement of Foreign Investment

Early on, foreign investment was permitted to flow freely into Malaysia, but was subsequently restricted by the



provision that Malaysian citizens hold 51 percent of the equity in foreign owned companies. In order to attract greater foreign investment, in 1986 the government liberalized the equity limitations, providing the following encouragements to new investment:

(a) Foreign investors could hold a 100 percent equity in companies that exported 80 percent or more of their products.

(b) Foreign investors could hold 51 percent of equity in companies that exported between 51 and 79 percent of their products, and might hold 79 percent of equity depending on circumstances.

(c) Foreign investors could hold between 30 and 51 percent of equity in companies that exported between 20 and 50 percent of their products.

(d) Foreign investors could hold 30 percent of equity in companies that exported less than 20 percent of their products.

Government even went so far as to provide that foreign investors could hold 100 percent of equity, subject to the following conditions, in companies for which plans were submitted for approval to the Malaysian Industrial Development Bureau between 1 October 1986 and 31 December 1990.

(a) At least 50 percent of the company's products had to be exported, or it had to employ at least 350 Malaysians, these personnel to reflect the country's ethnic ratio.

(b) The company's products could not compete in local markets with local products.

#### **No Change in Policies To Attract Foreign Investment**

In 1990, the former regulations suddenly passed away when Minister of International Trade and Industry Rafidah Aziz assured foreign investors that following expiry of the new economic policy in 1990, national economic policies to be formulated regarding investment in Malaysia might provide foreign investors greater benefits. This was because the government had determined that industry and manufacturing industries were the main component of the national economy, and that there was no reason for restricting their future development.

#### **Benefits From Foreign Investment**

Foreign investment can bring the following advantages:

(1) Provide more sources of capital for realization of the country's industrialization goal.

(2) Create more employment opportunities and increase workers' benefits.

(3) Reliance on the production experience and technology of foreign-owned enterprises for training of local personnel for attainment of the goal of shifting toward technology.

(4) Reliance from the sales networks that foreign-owned enterprises have established around the world to increase exports of the country's products for entry into international markets.

(5) Spur development of the country's auxiliary industries.

(6) Increase competition, stimulating local private enterprises to do more in the way of working hard for the prosperity of the country.

(7) Large scale importation of Taiwan capital also increases the usefulness of knowing Mandarin Chinese.

Nevertheless, he also said that with the increase in foreign investment, the accumulated disadvantages also increase correspondingly, as follows:

(1) The unlimited influx of foreign investment into every industrial field in the country has occasioned the employment at high salaries of expert technicians and government personnel at all levels. As a result, medium and small local industries face a very great turnover of personnel, and a direct or indirect increase in production costs.

(2) Numerous foreign-owned enterprises have also imported auxiliary industries, and have supplied their own spare parts, components, and raw materials. Consequently, existing auxiliary industries have been very hard hit, particularly the plastics industry, and the cardboard box and the cardboard container industries, which have made many complaints.

He disclosed that the Malaysia Plastics Firms Association has sent a memorandum to the Ministry of Trade and Industry pointing out that these foreign-owned manufacturing plants actually only duplicate the work that local plastics plants are already doing in producing plastic products. The establishment of these foreign-owned plastics plants not only deprives local plastic firms opportunities to grow and develop, but also correspondingly reduces local firms' numerous opportunities for getting technology transfers from electrical equipment and electronics industries.

In addition, the Malaysian Machinery Firm Association also believes that the influx of foreign investment hurts medium and small stamping mold, precision machinery, and casting industries. These industries are in the germination stage in Malaysia, so foreign investors establishment of such plants in Malaysia creates vicious competition that affects their survival and development.

He said that in addition to investing in industrial firms, foreign investors also invest in real estate and the stock market. Such investment or speculative activities cause a rise in real estate and stock share prices from which some people benefit, but which also put pressures or some local firms, putting them in a predicament.

### How To Deal With Foreign Investment

Therefore, he called upon government to import foreign-owned businesses selectively. Government should select foreign investment that introduces new technology, increases employment opportunities, and increases exports to earn foreign exchange, while retaining auxiliary industries for local investors. At the same time, government should treat equally and without discrimination all domestic and foreign investors, giving them the same inducements, local investors thereby being able to make full use of the inducements that government provides to open up new investment fields.

### Need To Find New Foreign Trade Markets Underscored

91SE0076E Selangor SIN CHEW JIT POH in Chinese  
22 Nov 90 p 23

[Article: "Active Development of Foreign Trade Markets"]

[Text] After the government adopted a series of measures to encourage the development of trade, simultaneously unveiling its decision to announce policies for making foreign investment more attractive, Deputy Prime Minister Abdul Ghafar Baba said at the opening of the International Business Exhibition that the country will ultimately have to take very great risks in the export business if it is to deliver more than 50 percent of its exports to Singapore, Japan, and the United States. He also urged domestic entrepreneurs to do everything possible to develop new markets in order to provide more avenues for the export of products through multiple markets. The deputy prime minister's remarks have aroused the widespread interest of businessmen. The outlook for development of the country's economy, as well as possible future changes in external policies are matters about which people in the country are most concerned.

Our view is that the deputy prime minister's special mention of Singapore, Japan, and the United States was for the purpose not only of emphasizing the importance of these countries for Malaysia's export business, but also to remind domestic entrepreneurs that they should not depend on them excessively, that they should change their wrong ideas of emphasizing Europe and the Americas while slighting Asia and Africa, and that they should improve relations with nearby countries.

For a long time, Singapore has been a most convenient entrepot for Malaysia. An overwhelming majority of exports from the peninsula and from east Malaysia transit Singapore on their way to all parts of the world. Possession of numerous natural environmental conditions plus the value of its currency endow Singapore with special advantages in this regard. Singapore is our near neighbor. It is closely associated with our future economic development. Good sense requires that relations with it not be slighted at all. Nevertheless, too much

reliance on this objective situation will mean that Malaysia's future exports may face bottlenecks, and it may also occasion unforeseeable risks.

From a long-range point of view, Japan is a competitor of Malaysia rather than a consumer market for us. To a certain extent it is discriminated against by Caucasian countries, but Japan is certainly not without opportunities for becoming a force with which Europe in the future, and America in the near term, will have to contend. It will be a fairly weak partner in the future world division of power. Nevertheless its powerful and prosperous economic vitality is bound to seek outlets in neighboring Asian countries. For countries like our own, this means both pressures and opportunities.

Let us now turn to America. The shrinking of America's economy and its numerous restrictions on imports have decreased Malaysia's favorable balance of payments year by year. Malaysia's products must find ways to lower costs in order to increase their competitiveness, and to seek different markets. The decline of America's manufacturing industries is an outgrowth of the country's social system that cannot be changed. As time goes by, the United State will fall behind a flourishing Europe and a rising Japan. This trend is already very clear.

A comprehensive survey of the above trend of events leads us to one conclusion, namely that future development of foreign trade can no longer focus on the aforementioned countries. It must conform to the trends of the times, seeking new markets for development. Certainly there are many countries we can try in the opening up of new markets. For example, at the ASEAN Economics Ministers Conference not long ago, a proposal was made for an across-the-board improvement of trade exchanges in the region, with the institution of a new concept of joint preferential tariffs as a means of avoiding too great dependence on European countries and the Americas. However, except for Singapore, all the other ASEAN countries are more or less the same from their economic operating systems to the supply of raw materials for their manufacturing industries. Consequently, putting into practice the aforementioned trade exchanges will encounter numerous difficulties in fact. However, purely in terms of strategic value, geopolitics, and resources, all the ASEAN countries are a stage for future development of trade. Everyone should be forward looking in regarding mutual relationships, and take great pains to build them.

Basically, the pluralization of new markets requires the weighing of the entire objective situation. We call upon the government to draw up a body of complete and systematic external policies. This body of policies should not only take into account the special circumstances of each country, but must also establish two foundations as follows:

First is completeness. By completeness is meant closer contacts with each of the countries of Asia and Africa but without hurting our own economic strength. Within this



framework, we may be able to make gains with difficulty. However, the opening of new markets ultimately requires the participation of both entrepreneurs and the whole people. How to apply people resources, drawing on their collective wisdom to open and develop areas having the greatest prospects for trade is a matter we must not fail to think about now. Minister of Trade and Industry Rafidah Aziz has encouraged entrepreneurs to enter international markets. If sole reliance on government efforts is insufficient, "official and popular cooperation" will be necessary to achieve results.

Second is initiative. We are often hampered by a conservative frame of mind in the development of trade, failing to take the initiative. The actions we take are often only perfunctory. Take a recent dealing with China, for example. Because quite a few Chinese ports failed to deliver merchandise on time in accordance with contracts, our piece goods traders at the fall commodities fair had more than \$1 million of business canceled by China. Later on, the interested parties intervened with the authorities concerned, but the authorities failed to understand. Actually, we clearly had the power to control conditions for conversations and to quote prices, but we failed to make the effort.

Faced with the above situation, not only business circles, but the general public as well hope that the government will be able to provide a overall framework for the development of trade that everyone can consider. Malaysia has limited economic strength; therefore, there must be a focus and a list of priorities for the development of trade.

In all fairness, whether emphasis should be placed on the development of trade with central and south America, or with eastern Europe and the USSR in addition to ASEAN is a government trade policy decision about which we are not clear. Therefore, what the government should do is: First, clearly tell the citizenry through a spokesman the orientation and the bottlenecks in the future development of foreign trade apart from Singapore, Japan, and the United States. It should identify which places hold desirable prospects, and which would be of substantial benefit to the country. This is the only way that the country can get a firm grip on the direction. Second, a number of designated business people should be selected to hold an enlarged meeting with officials in charge of trade departments to coordinate the steps that both are to take. Trade departments should rid themselves of their bureaucratic frame of mind to do all possible in meeting businessmen's needs. Businessmen should also do all possible to coordinate with government in the development of foreign trade, regularly reporting to government the newest local economic situations. Despite the major changes in the economic situation, in comparison with neighboring Thailand and Singapore, we had better hurry to catch up. It is hoped that during the next several years, we will be able to develop a field of activity that belongs to us.

### New Semiconductor Plant To Open in 1991

91SE0076D Selangor SIN CHEW JIT POH in Chinese  
21 Nov 90 p 25

[Article: "Malaysia Pacific Industries Invests 40 Million Ringgits. Semiconductor Manufacturing Plan To Be Completed in 1991"]

[Text] (Kuala Lumpur 20 Nov 90) Malaysia Pacific Industries has spent 40 million ringgits on the building of a semiconductor manufacturing plant in Ipoh on which work will be completed in 1991. The company has full confidence about this investment.

At today's annual meeting and the special meeting of Fenglung Industries and Malaysia Pacific Industries, Fenglung Industrial Group Managing Director Lin Hsiao-shun told the correspondent the following:

The subsidiary responsible for the aforementioned semiconductor manufacturing activity is the Kasen Semiconductor Company Limited.

He added that all the products that Kasen Semiconductor produces are to be sold abroad.

Asked whether the recession in the United States and the Mideast crisis might adversely affect the aforementioned investment, he said that the company was optimistic about the semiconductor industry.

Up to now, we have not really felt any impact from the Mideast crisis.

Malaysia Pacific Industries recently approved the issuance of additional shares for an aggregate investment of approximately 104 million ringgits.

These funds will be used to move the existing plant, and to establish a paper products plant and other manufacturing plants.

The Federation Packaging and Printing Plant located at Heifengdong [phonetic] will move from this location to a new plant located at Shaanan [phonetic].

He believed that this move could be completed in 1991.

Fenglung Industries announced some time ago the purchase of 48.75 percent of Malaysia Pacific Industries shares for 249 million ringgits.

Mr. Lin said that after making this purchase, Fenglung Industries and Malaysia Pacific Industries will be the manufacturing and trade arms of the Fenglung Group.

He firmly believes that the two companies will make a better showing in the current fiscal year.

As of 30 June 1990, Fenglung Industries Group made an after-tax profit of 6.8 million ringgits in a sharp 78 percent rise over the previous fiscal year.

He said that the group's future plans call for improving existing vocational activities, bringing into balance the domestic and foreign market ratios.

Fenglung Industries' main job is the production and sale of electric carts [dian danche 71903 0830 6508], construction materials, and ceramic tile, as well as industrial investment.

He said that the group made a substantial investment during this fiscal year for the expansion of its ceramic tile production facilities.

We spent a total of 50 million ringgits to improve our ceramic tile production facilities showing our serious attention to this industry.

The company currently has three plants producing two ceramic tile product lines.

In addition, the group established a research and development company some time ago, which is devoted exclusively to ceramic tile research. This research company also employs foreign personnel who assist with research work.

Regarding Fenglung Sales' application to enter the Kuala Lumpur Stock Market, he said that his plan is awaiting funds to publish the committee's decision.

Fenglung Sales is a Fenglung Industrial Group trading company fully responsible for sales activities.

### **MCA Entry in Sabah Politics Questioned**

91SE0076C Selangor SIN CHEW JIT POH in Chinese  
20 Nov 90 p 3

[Article by Chang Chien-liang: "Is the Malaysian Chinese Association [MCA] Also Moving Into Sabah?"]

[Text] [Box p 3] The MCA just lost representation in three state governments in the general election. It has no expectation of recovering lost territory, but says it wants to follow the United Malays National Organization [UMNO] into Sabah. [end box]

Changes in the East Malaysia political situation have impelled the [UMNO] to move into Sabah, and the MCA is also starting to wriggle in the same direction.

Ever since the MCA was founded as a party, except for Penang, which was an MCA base for a time, there has never been a state in the entire peninsula that has been an MCA bastion.

Since the 1969 election when it lost control over Penang, the MCA has never been able to take back this base in which the Chinese population is in the majority.

Not only this, but when the MCA was completely wiped out in Penang during this election, it also lost its representation in the governments of Trengganu and Kelantan states. Even though the MCA won one more

seat than last time in the national parliament, the election results show that most of the MCA leaders had to depend on Malay votes win. This suggests that the MCA is still unable to gain the support of Chinese society on the peninsula.

Seemingly, the MCA has not taken in the lessons of the election, or drawn a lesson from bitter experience. It is unable to win the confidence of the Chinese community on the peninsula to regain lost territory and retake the former representation it lost in the three states. On the contrary, it is additionally studying how to follow UMNO in expanding its power to Sabah.

The MCA claims to represent the 5 million Chinese in the country, but its performance in government has repeatedly exposed its weakness. Since the MCA is unable to revive the confidence in it of the Chinese community on the peninsula, how can it win the confidence of the people of Sabah?

Sabah Deputy Chief Minister Maximus Ongkili announced that in this election the Chinese in Sabah will unite for the first time under the banner of the Sabah Unity Party. MCA extension of its power to Sabah will amount to the same thing as splitting local Chinese society; therefore, it will have to provide reasons that fully convince the people; otherwise, the MCA advance into Sabah may be said to be "dispatching troops without just cause."

In the past, the MCA repeatedly stressed the principle that "Chinese should unite under the banner of a single political party," but the MCA might well be asked to explain to Sabah Chinese society its intentions in moving into Sabah. Can it be that it believes it can get the Sabah Chinese to unite completely under the MCA banner?

The UMNO has resolved to enter Sabah, but two friendly parties in the national front, the Democratic Action Party and the Malaysian Indian Congress have remained silent. The MCA alone is watching the UMNO and preparing to move. It is seemingly unwilling to be left behind, saying it also wants to enter Sabah to expand political activities.

This situation shows very clearly that if the MCA is unable to come up with a convincing reason, that is tantamount to acknowledging that it is simply following the lead of the UMNO older brother and that it can be led around by the nose.

### **Economy To Maintain High Growth**

91SE0076A Selangor SIN CHEW JIT POH in Chinese  
16 Nov 90 p 24

[Article by Dr. Nuot'ing Supi [phonetic]: "Even if the World Economy Goes Downhill, Malaysia's Economy Will Maintain High Growth. Growth Rate for Next five Years Can Still Be Between five and eight Percent"]

[Text] [Kuala Lumpur, 15 Nov 1990]. Malaysia's economy will continue to maintain a high growth rate for the next five years. Even if the world economy goes downhill, Malaysia will still be able to achieve a growth rate of between five and eight percent.

In the course of an interview, the inspector general of the Plans and International Research Institute, an important braintrust in the Malaysian government, Dr. Nuot'ing Supi said that government's economic policy for the future will maintain liberalization and privatization to attract domestic and foreign investment, and will place greater emphasis on the development of medium and small businesses.

He said that even if the outlook for the world economy is not very optimistic, Malaysia will be better able than other developing countries to withstand a depression, largely because of the expansion of the country's domestic market, which creates a self-protection network. Furthermore, competitiveness of the country's products has increased, and the possession of petroleum wealth provides greater assurances.

He pointed out that "We should be sure to avoid committing the same error as Thailand in getting indigestion from investment, investment exceeding the amount that facilities can support with consequent difficulties of all sorts.

Therefore, one of government's key plans is the building of basic facilities.

In attracting foreign investment, government will pursue a policy of selective foreign investment, the emphasis going to bringing in high technology industries, and industries that do not create environmental problems. This differs from the present situation in which nobody is refused.

"On the other hand, both medium and small businesses will be given greater attention. Former errors in overemphasis on transnational businesses has produced insufficiently vigorous domestic investment.

On the matter of manpower resources, he said that government will actively promote vocational education as a concomitant to its industrialization policy.

"At the present time, fast economic growth has resulted in a manpower shortage. It is difficult to find workers in major industrial zones, and plantations also have to hire large numbers of illegal workers."

However, despite the manpower shortage, the country's unemployment rate remains higher than seven percent, higher than in 1980. Dr. Nuot'ing explained that this results from the large amount of manpower recruited for government organizations in 1980. Today, public enterprises are doing all possible to avert a manpower drain. In addition, part of the unemployment is attributable to a mismatch between education and jobs, which causes "educational type unemployment."

Dr. Nuot'ing Supi said that Malaysia's economic development has been more successful than in other developing countries. These achievements include a high growth rate, a low inflation rate, and a fairly equal distribution of income.

"Although Malaysia went through a serious economic recession in 1985, a series of government actions enabled the economy to take a more healthy road following revival. In 1985, Malaysia's economic rate of growth was minus one percent, but from 1987 onward it continuously exceeded eight percent growth. Predictions call for it to exceed 10 percent in 1990.

In addition, during the past three and one-half years, approved foreign investment has been nine times all the previous total.

He said that the national investment policies that the government adopted in the 1980's were not helpful to economic development. The economic recession was a lesson.

The outlook for the future is that the private sector will continue to power growth with a steady reduction in government's role. Privatization policies will continue with exports and industrialization becoming the dominant forces in the economy.

One problem that will cause future worry is a rapid rise in inflation. Although the inflation rate in Malaysia is still very low by comparison with other countries, nevertheless, the rate of rise is already higher than the conventional level for the country.

#### Measures To Prevent Export of Cheap Imitations

91SE0076B Selangor SIN CHEW JIT POH in Chinese  
17 Nov 90 p 1

[Article by Tai Xiuch'in: "Halt Cheap, Poor Quality Goods From China; Xiao Zhiming: Put Trademarks Into Effect"]

[Text] (Kuala Lumpur 16 Nov 90)

China Trade Promotion Committee Legal Department Director and concurrently Chinese International Economic Relations and Trade Arbitration Committee Deputy Chairman, Attorney Xiao Zhiming [5135 1807 2429] says that China has taken numerous actions, including the establishment of a "Trademark Agency," and "Import-Export Industry Chamber of Commerce" to overcome problems concerning cheap imitation goods from China.

He said the "Trademark Agency" not only helps get foreign commodities registered in China, but also helps with the registration of Chinese commodities. The "Import-Export Industry Chamber of Commerce" coordinates prices and quantities of the same commodities, thereby averting price cutting competition in the export of the same kinds of goods.

**Arrives at Newspaper Head Office To Call on Deputy Editor in Chief Hung Sung-chien**

Attorney Xiao Zhiming said this morning during a visit to the newspaper's head office to see Deputy Editor in Chief Hung Sung-chien that he believes that the institution of trademark registration is the best way to stamp out cheap imitation goods.

Xiao Zhiming is the leader of a delegation representing more than 40 Chinese firms who come to Malaysia to take part in the International Commercial Products Exhibit sponsored by the Malaysian Firm Trade Union. "China City" exhibited commodities were of many kinds including foods and edible oils, and pharmaceuticals. Since the theme of the exhibit was "textiles and clothing," predictably local merchants were able to view all sorts of textile machines in "China City."

During his visit to Malaysia, Xiao Zhiming has received numerous local plant complaints about the cheap imitation goods issue. He agreed that the cheap imitation goods have hurt the confidence of markets and consumers. He said this problem is largely attributable to the adoption of measures in China for the delegation of authority with exports moving through many different channels.

He said that as one means of solving the problem, China has required different companies to use different brand names or trademarks. At the same time, it is pushing for the registration abroad and in China of its trademarks.

"Hereafter, consumers need only recognize the brand name and the place of production in order to avoid buying cheap imitation goods." China can also deal strictly with traders who violate the patent rights of others. Actually, the departments for which Mr. Xiao is responsible have handled many litigation cases involving violations of patent rights.

"In addition, China will also employ export permits to control the export of Chinese products. Any product lacking a registered trademark, or a product that has infringed the patent rights of others will find it difficult to get an export permit.

"As regards the Import-Export Industry Chamber of Commerce, this is a semi-official organization that not only controls output within the same industry, but also coordinates trade activities in the same commodities."

Xiao Zhiming said that Chinese foreign trade authorities are very attentive to the cheap imitations issue, and that they have adopted various preventive measures; however, for various complex reasons he believes that a complete halt to cheap imitation cases will be a difficult matter.

He called upon local merchants to work together with the Chinese government to overcome this problem. When local representatives find cheap imitations, they should gather complete data to report the true situation to the Chinese Commercial Office.

**Paper Reports Killing of NPAs**

91SE0066A Manila *DIYARYO PILIPINO* in Tagalog  
4 Dec 90 p 8

[Article by Fer Taboy, *DIYARYO PILIPINO* Correspondent]

[Text] Twenty-five members of the New People's Army [NPA] and one soldier were killed in separate attacks by the combined forces of the Constabulary (PC) and the Philippine Army (PA) in Northern Cotabato and Bohol this past Saturday.

A report received yesterday by Major General Cesar P. Nazareno, chief of the PC-INP [Philippine Constabulary-Integrated National Police], and Major General Guillermo Flores, chief of the PA, stated that the military raided the hideouts of the NPA in Madilip, Barangay Bilangan, Makilala, Cotabato, and in Vilar, Bohol.

The PC and the Army encountered 150 NPA's lead by a certain man alias "Kumander (Commander) Benzar" in Cotabato, and the fighting lasted for two hours, resulting in the deaths of 15 rebels.

The soldiers confiscated weapons and subversive documents from the dead NPA's.

Likewise, the Regional Command (RECOM) 7, under the leadership of Brigadier General Triump Ruiz, reported that 10 communist rebels were killed when the PC and the PA raided their camp in Camsumbol, Vilar, Bohol, headed by Arnulfo Makadini, alias "Ka Alay Magtanggoli."

Makadini and some wounded men were able to escape, and they just left the corpses behind.

The raid was given air support by two helicopters and one V-150.

Similarly, it was reported that one soldier was killed and that three soldiers from the 57th Infantry Battalion and the 346th PC Company were seriously wounded. The victims' names were not disclosed.

Meanwhile, the PC-INP Intelligence Command reported yesterday that the CPP [Communist Party of the Philippines]-NPA is preparing to launch a summer offensive, uniting the three partisan groups in order to assassinate the military men and civilian officials in Mindanao.

Nazareno has learned this from a report by Colonel Enrique Bulan, PC-INP Intelligence Chief of RECOM 12.

According to the report, the three partisan groups are spread out all over Mindanao.



**Joint Car Assembly Plants With Toyota in SRV, PRC***BK2012062990 Bangkok THE NATION in English  
18 Dec 90 p B1*

[By Phitchaya Changson]

[Excerpts] The Charon Phokhaphan [CP] Group of Companies has moved ahead with an ambitious project in Indochina, where it has reached an agreement with Toyota Corp of Japan to set up passenger car assembling plants in Vietnam as well as in China.

Announcing various new industrial investment plans, Phongthep Disayasirin, special assistant to the chairman, said the passenger car projects in both countries would be started initially next year with the production of some car parts for the assembly plants.

CP, meanwhile, has begun importing six-wheel trucks produced under a joint venture with China. The price is said to be about 20 per cent less than for similar types of trucks available in Thailand.

The local production plant of the sixwheel trucks, which has not yet received promotional privileges from the Board of Investment, [BoI] is to be set up in Ban Pung District in Chon Buri with an investment of bt500 million.

The plant will produce both six- and 10-wheel trucks with an annual capacity of 1,000 units. The local content level will increase to 45 per cent in the second operating year. CP has a 60 per cent stake in the project and China 40 per cent.

But the project is facing opposition from the existing truck assemblers. The BoI is reviewing the project to ensure fairness to existing producers and may impose the minimum export ratio on the output.

Pongthep said the project, nevertheless, is benefiting from the new tariff and BoI privileges may not be necessary.

CP Group is also negotiating with Petro Fina Corp of Belgium to start petrol stations and the main locations will be along the highways.

Phongthep admitted that rising interest rates and the Gulf crisis are causing a slow-down in the group's investment.

He cited the possibility of the CP Group plan to set up an industrial estate on a 3,000 rai plot of land in Rayong being delayed despite promotional privileges from the BoI. The investment in the project is Bt3 billion. [passage omitted]

Abroad, the group plans to set up animal feed plants in Hungary and the Soviet Union next year. It is studying plans to boost investment in the U.S., Germany, Vietnam and China.

**Deputy PM Arthit Son Gets 'Unfair' Army Transfer***91SE0106B Bangkok THE NATION in English  
15 Dec 90 p A3*

[Text] Maj Thitiwat Kamlang-ek will miss an opportunity to join his father in celebrating the continuity as a deputy prime minister in the new coalition government. He received a flash order from Army Commander in Chief Gen Suchinda Kraprayoon to take up a new post in Phayao Province.

Gen Arthit has been basking in his good fortune of late after being included in the Chatchai II Cabinet. Such an important post could have catapulted career advancement for his son. It was not so. Thitiwat heard latest good news about his father and a bad news for himself.

Obviously in distress, the young army officer thought it was unfair for him to be promptly transferred from an active position in the prestigious 11th infantry Regiment in Bangkok to an obscure post in the northern province and without any chance for quick promotion. This could take years.

Thitiwat had a farewell party with colleagues and close friends in Bangkok last night while his father has been staying in Loei Province—his constituency. There can be no intimate farewell because the son has to leave for the new assignment tomorrow.

Thitiwat, according to his friends, thinks it was seen as a heavy price he has to pay for the widely-misunderstood role for his father who tried to mediate the rift between the Chatchai administration and the military establishment earlier this month.

The press reported that the retention of Pol Capt Chalerm Yoobamrung in the outgoing Chatchai III Cabinet as deputy education minister was designed to show the military that the coalition could not be pressured. The reports said Gen Arthit had opposed the exclusion of Chalerm while suggesting that he could clear up the issue with the military top brass.

The reports, suggesting that Gen Arthit still holds considerable clout and a following within the Armed Forces, upset top army generals who earlier made it clear to Prime Minister Chatchai that the former army chief and supreme commander must not be appointed defence minister in the new coalition announced yesterday.

Thitiwat, his friends say, believes that his abrupt transfer to a far-flung post was a demotion for himself and an indirect retaliation against his father's political role. He also told his friends that the job he was to take belongs to a non-commissioned army rank. Besides, the newly-established military garrison in Phayao is small and is just a token presence as there is no longer a risk from communist subversive activities.

The flash order was not for him alone. Other army officers were also ordered to take up new posts but Thitiwat believes he was at the receiving end of the worst treatment.

### **Fine Arts Official Supports Copyright Law**

91SE0106C Bangkok THE NATION in English  
8 Jan 91 p B4

[Interview with Director General of Fine Arts Department Literature and History Division Prakob Larbka-sorn by Kadsuda Suriyayos, date and place not given—First three paragraphs are introductory paragraphs printed in italics]

[Text] The first copyright law was first issued in 1931 under the name of the protection of Literary and Artistic Works, BE 2474. Not until 1973 did the law gets its first amendment, and it took 6 more years before the Copyright Act BE 2521 was promulgated.

The context for the revised act covers both literary and artistic works, instead of only literary works. The Department of Fine Arts, which oversees copyright matters in Thailand, is looking at efforts to modernize the old copyright law, so that Thailand may strengthen its leverage in dealing with other trading partners on the contentious intellectual property right issues.

The Office of Copyright Information, an office under the Literature and History Division of the Fine Arts Department, has been specifically assigned to undertake the task. Currently, the copyright law is undergoing a second revision, the process for which started at the beginning of last year.

[Kadsuda] What is the basic task of the Department of Fine Arts in the copyright law?

[Prakob] Our responsibility is to modernize the copyright law and bring it up to date with the changing technological, literary and artistic creations.

For example, we included cinematography protection in the amended act 1978 because there was no movie in the era when the first copyright law was drafted.

Even though there is no specific word like "computer software" in the act, we consider that protection has been rendered under the definition of a scientific work.

However, we will add more details in computer software protection in the amendment, so that computer software written in the country will also be protected.

[Kadsuda] Apart from computer software, what other areas are to be covered by the amended copyright law?

[Prakob] We are in the process of amending the act at the moment.

Our responsibility lies in what context should the protection of creative works be improved.

We will also be considering the adjustment of the rate of fine in the event of violation, to keep up with inflation.

We will also be listening to public opinion and trying to amend the act in accordance with the needs of the creators of the users.

Music composers have called for the improved protection of audio-visual works, which they say should cover the use of their works in such entertainment places as night clubs or hotels.

This kind of protection will be considered for the first time, while other countries have already provided similar protection.

[Kadsuda] How are foreign works going to be protected under the new copyright law?

[Prakob] We treat local works the same as overseas works.

We have to respect overseas creative works since we are a member of the Berne Convention together with over 80 member countries.

However, we will maintain our principle in revising the copyright law in such a way that the creators will receive the maximum benefits from their works, and that the users will be treated fairly.

[Kadsuda] What is the importance of copyright protection from the point of view of national development?

[Prakob] Creativeness shows the mentality of a nation, as well as its capacity to prosper and develop.

Adequate protection of creative works will encourage the people in the nation to create more literary and artistic works, which thereafter will become the national heritage for the following generations.

In the old days, the creators were individual artists, who produced their works for artistic reasons.

Money was not the primary aim, and the artists worked under the patronage of the Royal household. But nowadays artists will have to make a living.

And copyright protection will ensure that the artists or creators get decent returns for their works.

Likewise, copyright protection to foreign works should be provided, as otherwise the absence of protection will create friction in foreign relations.

Foreign creators will be discouraged from selling their products in countries which do not have copyright protection because they will be copied for nothing.

[Kadsuda] What will be the scope of protection for foreign creative works?



[Prakob] Letters from the United States and Australia are flowing in, complaining about the infringement of their creative works, ranging from printed materials, books to music works.

They have requested the Thai government to enforce the copyright law because counterfeit products are selling at the cost of their future.

Counterfeiting is creating friction in international trade.

Thailand will be subjected to threats of retaliation from other countries for its failure to provide adequate copyright protection, as it is already facing threat from Section 301 of the U.S. trade law.

Our major export products such as textile or jewellery will be retaliated against by the erection of tariff barriers if we overlook copyright protection.

The cheap pirated tapes or video cassettes do not outweigh the more damaging losses from trade sanction or retaliation.

[Kaisuda] Despite the existence of the copyright law, copyright violation is rampant. Why do violators overlook the copyright law as if it means nothing?

[Prakob] As far as I am concerned, the Thai people tend to turn a blind eye to any laws.

We have the law forbidding pedestrians from crossing streets beyond the zebra crossing signs, as well as littering in public. But nobody seems to pay any attention to that.

So, I think that we should consciously educate our younger generation about the merit of becoming law-abiding citizens.

Once the sense of abiding by the law is firmly rooted, a respect over intellectual property will be acknowledged by the people.

People should learn to respect the creative works of other people. Fortunately, the copyright law has been included in academic courses in recent years.

However, a lot will still have to be done to educate the public. We still have several people confusing copyright with patent. They are two separate laws.

[Kaisuda] How effective is the amended copyright law in tackling intellectual piracy in the country?

[Prakob] Amendment of the copyright law falls in the domain of intellectual property protection, which also includes patent and trademark protection.

We are in the process of gathering useful information to improve the law, taking into consideration the nation's benefits and international implications.

Since revision of each law takes time, it is hoped that once amendment of the copyright law is finished, the law will be relevant and comprehensive enough to serve the time.

For instance, it took more than 5 years for the first revision to be completed because of the change of governments.

However, we are positive that the second revision, started early last year, will be completed some time around 1992.

[Kaisuda] The problem of copyright protection is the lack of enforcement. What is your comment?

[Prakob] We are only responsible for drafting the law, but enforcement comes under the responsibility of the officials, including the juries and the police.

Copyright violation is rampant on the global scale, but consciousness will have to play its part if the enforcement is to work.

The justice process is there, and it depends on how execution is to be made—in a fair manner and speedy action.

Today the legal process is slow, making is not worthwhile for the parties to seek justice from the system. Most cases end up in a compromising way through out-of-court settlements.

[Kaisuda] What is the extent of penalties sought for copyright infringements?

[Prakob] The present law imposes a fine ranging from Bt20,000 to Bt200,000 for violators of copyright. This fine is no small amount when the parties involved are individuals.

But in bigger cases such as mass piracy production of video and tape cassettes, this amount of fine means almost nothing.

The present law imposes a flat rate for all types of copyright violation. This is something that has to be changed.

Nowadays, the copyright violators are more likely to be big businesses, who do not care for a small amount of fine when compared with the huge profits generated from the mass piracy.

[Kaisuda] Fears have been expressed that if we pay the high royalty cost from using the copyrighted materials, it will impose a big burden and limit the capacity of the country, infant as it is in technological development, to progress further.

[Prakob] In the literary and artistic fields, we are in the position to develop ahead since they are part of our civilization. But computer software is another thing.

It is the technology that will have to be purchased from other countries, and at the same time we should be trying to develop further from the product.

Let me put it this way. If you draw up a computer software of your own and then suddenly somebody copies it, will you still have the morale to continue writing more software programmes?

If we think that we can acquire every technological know-how, then nobody will bother producing it.

But if we think that it costs us to buy, then we will buy it and recreate it at the same time, as otherwise we will remain an undeveloped country forever.

We have a lot of capable scientists, who make their names renowned overseas because they are afraid that if they develop their products here, they will be copied for free.

We have the commitment to come up with an effective law to provide copyright protection.

On top of that, we want to be fair to creators and create consciousness among the people.

We will not accept the selfishness of few people at the cost of the disgraced image of the country because it is a criminal act to pirate other people's works.

We do not want our country to be called the global copycat.

I insist that we implant awareness among the people and encourage them to have more respect to the law.

The copyright law already creates room for the use of copyright works without pay in education and academic research purposes.

[Kaisuda] While the intellectual property has been included in the multilateral trade talks, how does the GATT framework enhance copyright protection?

[Prakob] Our position is such that we will be providing protection to all countries as we do likewise receive under the Berne Convention and in accordance with our national law.

The protection will conform with the Berne Convention, although countries will have to work among themselves in sorting out the minor differences on a case-by-case basis.

#### **Bank Governor Comments on Current Account Deficit**

91SE0106F Bangkok BANGKOK POST in English  
27 Dec 90 p 17

[Excerpts] The rising current account deficit is causing concern for Bank of Thailand Governor Vijit Supinit despite the favourable economic growth rates expected over the next 2 years.

Mr Vijit said the current accounts in 1991 and 1992 were expected to record deficits of 185,000 million baht each year, equal to 7.1-7.5 percent of the country's gross domestic product. [GDP]

"This rate is too high," he said. "If it is allowed to grow at this level, it will harm the economy, particularly the country's external debt."

The current account developments are the same as occurred in 1984-85 when the government reacted by devaluing the baht to solve the problem.

Fortunately, he said, other factors of the local economy will remain favourable over the next 2 years, diminishing the need for another devaluation.

"The country has recorded 10 percent economic growth this year, while the inflation rate is 6.1 percent. Still, the current accounts deficit is expected to be equivalent to 7.5 percent of GDP," he said.

Mr Vijit said the central bank had reviewed its economic forecasts for the next 2 years using a world oil price of \$28 a barrel as its base.

The reviews indicate the Thai economy will grow an average 7.5 percent for 1991-92, with inflation also rising 7.5 percent each year.

"Exports will continue to perform well.

"About 75 percent of export earnings are from industrial goods. Our exporters adjust well to cope with market demand. They have diversified to reduce their reliance on certain products and markets.

"This means the expected slowdown in the world trade and economy will not have such a drastic effect on Thailand," he said.

The price of Thai exports must be kept low in order to compete.

Based on these favourable fundamentals, Mr Vijit said there was no need for the government to resort to drastic measures, such as a baht devaluation, in response to the high current account deficits.

Mr Vijit also said an inflation rate of up to 7.5 percent in 1991-92 was still manageable.

Mr Vijit said when asked whether a minimum wage of more than 100 baht a day would exceed the projected inflation rate:

"There are many factors affecting the inflationary pressure. If the minimum wage is higher, we can control other factors to ensure a manageable inflation level."

National foreign reserves currently stand at \$14.5 billion, equivalent to 5.5 months of imports.

"This is considered strong because the normal rate is equal to only 3 months of imports."

The external debt is still quite low at only 10.2 percent of GDP.

"The strength of the baht in relation to the U.S. dollar does not indicate the need for a devaluation," he said.

Mr Vijit said the projected economic growth rates of 7.5 percent for each of the next 2 years were down on the last 2 years, but still higher than the figures for some neighbouring countries.

The country is grouped among those countries with the world's highest economic growth.

South Korea's economic growth is projected at 6.7 percent next year; Hong Kong, 3.1 percent; Singapore, 5.2 percent; India, 3.3 percent; Indonesia, 7.6 percent; and Malaysia, 8.1 percent. [passage omitted]

The government is expected to spend about 800,000-1,000,000 million baht during the next 2 years on infrastructure investment. [passage omitted]

#### **Pharmaceuticals Specialist: Stimulants Main Counterfeit Items**

91SE0106E Bangkok BANGKOK POST in English  
13 Jan 91 p 2

[Text] Very few counterfeit drugs are in Thailand, according to the former president of the Thai Pharmaceutical Manufacturers Association, Dr Vaivudhi Thanesvorakul.

"These drugs do not have a permanent market. They are caught once and that's the end; customers won't buy any more," he said.

Dr Vaivudhi is now an adviser to the association.

Owners of drug stores in Kanchanaburi echoed his statement, saying counterfeit drugs can be produced, but there is no market for them.

Good quality counterfeit drugs must be produced by factories in Bangkok, while mobile factories—which can be located if one looks carefully—can produce only stimulants, they said.

A drug store owner, who spoke on condition of anonymity, said Thailand is not the only source of drugs for Burma.

Chinese drugs, priced cheaper than those from Thailand, and drugs produced by the Burmese Pharmaceutical Institute, also flood the Burmese market.

"Drug distribution in Burma is still unorganised with drugs being sold just at any place—on the sidewalk, in grocery stores and in markets—it is difficult to trace any problems from the drugs," he said.

Dr Vaivudhi said drugs which do not cure diseases as prescribed may not be at fault. There could be a wrong diagnosis of a disease which may have similar symptoms, or be interference from other diseases.

"Counterfeiting drugs which can kill is also dangerous to the lives of the producers themselves," he said, citing a case several years ago when a Cambodian man illegally crossed the border and travelled to Bangkok for the sole intention of killing a Thai dealer who sold him counterfeit drugs.

Dr Vaivudhi said most counterfeit drugs found in Thailand are stimulants, considered counterfeit drugs under Thai law, which can easily be produced in mobile factories.

#### **Returning Workers Face Debts, High Interest Payments**

91SE0106A Bangkok THE NATION in English  
9 Dec 90 pp C1, C6

[Article by Evelyne Girardet: "Out of the Frying Pan"]

[Excerpts] [passage omitted] These days, while they harvest their rice, the workers from Isaan who returned from the Middle East almost 3 months ago, are wondering how to support their families and pay off their debts for the coming year.

"After more than a month of being afraid, I was so happy to be back in Thailand I almost cried. But after a few days, I began to realize that I had come back with nothing except debt's. All I had was the Bt300 travel money the labour office gave us when we arrived in Bangkok. I have managed to save Bt100 of this but that is all I have left," said 28 year-old Mol Jaikulung, from Pulu village in Udon province who returned from Kuwait via Iraq and Jordan on 19 September.

Mol had to borrow Bt50,000 from local merchants and moneylenders to pay the recruitment agency that sent him to Kuwait and over the last year and 7 months he has only been able to pay back Bt15,000 of his debt.

As a construction worker Mol earned Bt6,000 a month and was able to send Bt3,500 of that home. However, according to him, this was just enough to feed his family and pay off the 5 percent interest rate on his debt. Little actually went towards the debt itself.

"I was 5 months short of the end of my contract. I was not expecting that in 5 months I would be able to earn enough to pay off the debt but I was expecting a big bonus and I had not yet been paid for the last 2 months so I thought it would add up. I thought if I was not able to pay my debts and earn some extra money after 2 years I would always be able to sign on for another 2 years," explained Mol.

"I had not even started saving money yet," complained Sanat Wongchanlee, from Kutchak village in Udon, having only completed a little more than a year of his 2 year contract in Kuwait. "During the first year I was in Kuwait I only sent home Bt10,000. I thought I still had almost a whole year of work left and in that time I would be able to pay off the debt. I played the lottery gambled

and spent my money on whiskey. I had not yet started worrying about the money I owed and now I am stuck with a Bt40,000 debt," he said.

"I was with a friend when I came back and we both had Bt300 to our names. My friend was panicking. He was saying, I cannot go home with nothing. I'll have to sell everything, my house, my land, my buffaloes— Everything!" So right after we came back we worked in Chonburi as brick layers for a month."

For Sanat, this job turned out to be just as profitable as his job in Kuwait and a lot less trouble. He earned Bt5,000 a month from both jobs but, being in Thailand this time, he did not have to pay a recruitment agency. [passage omitted]

"We will be able to survive for the next year. It does not mean we will not be able to eat. But there is no room for extras in my budget. I will not be able to buy fertilizer or to pay workers to help in my Papaya orchards. It just means I will have to work harder and have higher debts to worry about in the long run. I would like to leave the village to find work elsewhere, but I do not even have the money to go to Bangkok. I will just have to stay here this year and hope that things get better in the next year," said Kaew. [passage omitted]

Those that are suffering the most in the aftermath of returning to Thailand are those who just began working in the Middle East. They have not had the chance to begin earning their salary. At the same time, they have the same debts as everyone else.

"I know 32 people who went to Kuwait through a recruitment agency in Khon Kaen. They had paid Bt15,000 to the agent to go to Kuwait but then they had to come back a month later having made virtually no money. They are trying to convince the agency to reimburse them. But I think it will be impossible because the agency already had to pay the costs for the workers' visas and plane tickets," said Kaew Chamalee.

Also the money lenders or merchants that the labourers from Iraq and Kuwait have had to borrow money from to go abroad are currently in a difficult position.

"At the moment, about five people who borrowed money from me to go to the Middle East, are not able to pay it off. They owe me about Bt200,000. Personally I do not mind how long they take to pay back because I can live quite well from the interest (he charges 5 percent interest a month).

"For the most part, I pity the workers. I know many people who have had to sell their buffaloes and land to pay back the money that they owe. I know some of the money lenders are worried about the money they have lost and are putting a lot of pressure on the workers who owe them money," said Suak Sikapassa a shopkeeper in Pulu to whom Mol owes Bt13,000.

"Everyday the person who lent me the money to go to Kuwait asks me: 'Where is my money? When are you

going to pay me back?' There is really nothing I can do about it. I just don't have the money so I am not letting it worry me too much," said Sanat. He is also burdened by the 10 percent interest rate that he has to pay every month.

Many companies in Iraq and Kuwait have taken advantage of the chaos in the two countries since August to cheat their foreign workers out of their already precious salaries.

For heavy duty lorry driver Kaew Bunrom and six others, from Moo 5 village in Si Sa Ket, who signed on with the Energoproject Engineering and Contracting company in Iraq, this whole year has been one of repeated deceits.

"In our original contract with the recruitment agency, our pay was supposed to be around Bt10,000 per month. When we arrived in Iraq it turned out to be closer to Bt6,000. I could have earned the same had I stayed in Thailand."

Also frustrating to Kaew and his fellow villagers was the fact that they usually only paid once every 3 months. And even then, the money was not paid directly to them but sent back to Thailand.

"Sending money back was always very difficult. If I was lucky, I could send it back every 3 months. My wife would have to borrow money and then pay it back and then borrow it again. This meant that although I had sent home more than Bt60,000, I could not pay any of my debt.

"I spent my whole time paying off interest and maintaining our papaya orchards. I left with Bt40,000 and I came back with a Bt40,000 debt. This makes me feel very hopeless," said Sawang Jaturapite, another worker from Moss 5 who had left the village with Kaew.

"But we tried to make the best of the situation. We did our work well and the company was happy with us. We took care of the company's equipment and cleaned up after ourselves which workers from other countries did not do. We did our work but they cheated us out of 3 months' salary," he complained.

Kaew and the other workers, almost 3 months after they returned to Thailand, continue to try to get the money that they are owed. However the chances are looking slimmer and slimmer as problems in the Gulf continue. Kaew claims that the same company owes 848 people from the Isaan salaries for at least 2 months.

However, Mol does not blame his company, Amadea Contracting Company, for the 1 month's salary that he is missing. [passage omitted]

### Counterfeit Drug Problem Gets Attention, Arrests Noted

91SE0106D Bangkok BANGKOK POST in English  
13 Jan 91 p 2

[Text] So far this year the FDA has made arrests in only eight cases of counterfeit drug production in Thailand.

An FDA official said most were not truly counterfeit (drugs with no active ingredients) but substandard drugs which fall into the range of counterfeit drugs under Thai law.

Article 73 of the Drug Act of 1967, revised in 1979, defines a counterfeit drug or substance produced with active substances where the quantity or strength are lower than the minimum, or higher than the maximum, standards prescribed in the registered formula (under Section 79) by more than 20 percent.

Other definitions are of drugs or substances which are wholly or partly imitations of a genuine drug; show false names of another drug, or false expiry date; show false names or marks of a producer, or false location of the producer; and falsely show they are in accordance with a registered formula.

Article 74 of the revised Act defines sub-standard drugs as:

- Drugs produced with active substances which have a quantity or strength lower than the minimum or higher than the maximum standards prescribed in the registered formula to a degree less than as stated in Article 73; and
- Drugs produced so their purity or other characteristics, which are important to their quality, differ from the standards prescribed in the registered formula

(under Section 79) or from drug formulas which the minister has stipulated in the drug formula registry under Section 86.

The FDA official said of the eight cases this year, only one case of true counterfeiting was found and it concerned cattle medication.

She said the others were either drugs bearing other producers' registration numbers or brand names, but contained the same quantity of active ingredients.

The official said there was also only one case of alleged true counterfeiting of drugs for export to Laos last year, when Pharoah Laboratories was caught red-handed producing counterfeit penicillin, tetracycline, amecylin, sulphagranidin and paracetamol, among 28 well-known drugs.

"These counterfeits were mostly sent for border markets not only in Laos, but also in Burma and even Malaysia."

The factory was ordered closed in September 1989, and the producer's licence was revoked.

The case is still pending in court, with a possible penalty of 5 years' to life jail term and a maximum 400,000 baht fine.

"Counterfeit drugs reportedly found along the Thai-Lao and Thai-Burmese borders may have come from unaccounted for stocks from Pharoah Lab," she said. A total of 85 cases of counterfeit and sub-standard drugs have occurred since 1984, including the latest eight.

"The FDA considers this issue the number one problem but it is very difficult to tackle," she said, adding producers will be prosecuted only when caught red-handed. In most cases, only dealers are arrested as officials cannot trace the producers.

The official said there are mobile factories but they usually produce stimulants, rather than counterfeit drugs for export to neighbouring countries.



## POLITICAL

### Skilled Workers, Cadres Help Draft Party Program

912E0054A Hanoi HANOI MOI in Vietnamese  
12 Dec 90 pp 1, 2

[Text] On 11 December, the Standing Committee of the Municipal Labor Union organized a discussion with a number of skilled workers in order to obtain their opinions on formulating the draft program of the party.

Almost all of the people attending expressed their views. Some people talked several times. However, no one suggested revising or adding or deleting any elements, chapters, observations, or guidelines in the documents. Instead, they concentrated on the following:

The fact that the lives of the laborers are now much better than during the time of the former regime must be affirmed. But today, many people still face hardships and difficulties because they lack work or earn a low wage.

Workers are determined to follow the path of the socialist revolution under the leadership of the party. But in order to end the difficulties now facing the country and score new achievements, the party must improve the quality of its ranks and increase its leadership capabilities. It must immediately expel from the party those people who lack adequate qualifications and quality.

State subsidies must be eliminated, the management mechanism must be renovated, and Contract 10 must be implemented. Product quality must constantly be improved, and production costs must be lowered so that our goods can compete with foreign goods and so that our enterprises can survive and expand.

Distribution must be fair, and distribution must be put on a "wage" basis. Attention must be given to training skilled workers.

Discipline must be maintained, and the laws must be enforced strictly and fairly. The situation in which cadres in positions of power engage in corruption but are not punished must stop. Workers who have stolen materials must be forced to quit their jobs.

The economy must be managed by law. The economic zones outside the state sector must be given guidance. Activities that are properly oriented and that serve the state economy must play a guiding role. Imports must be limited, and some types of foreign goods must not be imported at all. In this section, Pham Minh Dang (from the Rang Dong factory) said that the vacuum flasks produced by our production installations are just as good as those imported from abroad, but they don't sell well because of lead in [dau vao] and high production costs.

Giving greater power to directors in accord with Decision 217 must go hand in hand with determining their responsibilities with respect to the lives of the workers

and the business of the enterprise. They must not focus on taking care of individuals while the enterprise suffers losses and the difficult lives of the workers go unnoticed.

Also on 11 December, the Standing Committee of the Ho Chi Minh City Communist Youth Union held a meeting to discuss the draft document of the Seventh National Party Congress. Almost 30 union cadres from various economic zones, wards, districts, and cities attended.

As for the three rights (ownership, use, and management) of members of agricultural cooperatives, Nguyen Thanh Ha, the deputy youth union secretary at the "KTQD" College, said that it will be difficult for the legislative organizations to concretize these three rights and that this will lead to a situation in which management is first too tight and then too loose. To make it easy for the state organizations to implement the program, the program must set specific directions. The constitution clearly states the rights of citizens, such as residence and travel, but we have not made full use of these. The program repeats these. Isn't there too much formalism?

Pham Tu Linh, the youth union secretary of the Hanoi Building Service, suggested striking out the final sentences of several plans. In Chapter 6, the sentence "the party is the leader and the loyal servant of the people" should be removed and included in the party statutes instead. Because today, the people feel differently about the party than they once did. As for the economic and social development targets to the year 2000, the people have real confidence, and the party has been and is leading all the people in carrying out things. On the other hand, the economic elements must be given help in investing in production. We cannot wait anymore.

Tran Van Minh, a municipal youth union propaganda and training cadre, suggested changing the name of the draft program to "Social Construction, Socialism in the Transitional Period in Vietnam." The program's evaluation of capitalism is not persuasive, and only the nature of capitalism should be evaluated. The economic and social development targets should be made quite specific so that the people can monitor and check things. The people must be kept informed about what has been done. Le Minh He, the youth union secretary at the Polytechnic College, disagreed with trying to carry out the minor themes in each chapter, because people will say that we are being demagogic.

Doan Minh Chau, the director of the Youth Culture Center, suggested revising a number of sentences in the program to make them more accurate. The sections on culture and society can be similar to those in the program of the Fourth Congress. The fact is, there must be new people and new cultural thinking. Chu Xuan Chi, a member of the Standing Committee of the Hoan Kiem Ward Youth Union, was opposed to putting the sentence on maintaining political security in the foreign affairs section and felt that it should be included in the section on security and national defense.

A number of other people said that the program is clear and concise and will impress readers. However, for the peasants, it must be made even more concrete, particularly the vocabulary.

### Article Reviews Fatherland Front's Tasks

91E0049A Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 17 Nov 90 p 3

[Article by Le Hieu Dang]

[Text] Ever since it was founded on 18 November 1930, the Vietnam United National Front has passed through many historical stages. Because of the requirements of the revolution in each period, the name and organization of the front have changed, but the target has always been to achieve broad solidarity among the various social strata and all sections of the people and to struggle constantly in order to defend and build our country under the leadership of the Vietnam Communist Party. This has been true from the time of the Viet Minh Front during the time of the resistance against the French colonialists to the time of the National Front for the Liberation of South Vietnam during the resistance against the American aggressors.

After southern Vietnam was completely liberated and the north and south were unified, the various front organizations such as the Vietnam Fatherland Front in northern Vietnam and the National Front for the Liberation of South Vietnam and the Vietnam Alliance of National, Democratic, and Peace Forces in Southern Vietnam joined together under the name Vietnam Fatherland Front. Unfortunately, during the stage of building an independent, free, and prosperous Vietnam as hoped for by President Ho Chi Minh, the role of the mass organizations in general and of the Vietnam Fatherland Front in particular has not been fully manifested, and these organizations have not become organizations on which the masses can really rely. This is one of the reasons why the relationship between the party and the masses, which was very close during the two wars of resistance, has now grown weaker as stated in the resolution of the Eighth Plenum of the CPV [Communist Party of Vietnam] Central Committee.

But to be fair, it must be said that prior to the promulgation of the resolution of the Eighth Plenum of the Party Central Committee on "renovating the mass activities of the party and strengthening the relationship between the party and people," the Secretariat of the CPV Central Committee (fifth term) issued necessary directives and defined the role of the Vietnam Fatherland Front and of each mass organization in the new revolutionary stage.

As for the Vietnam Fatherland Front, Directive 17/CT-TW issued by the Secretariat of the Party Central Committee (fifth term) on 18 April 1983 states: "In the mechanism in which the party leads, the people serve as masters, and the state manages, the Vietnam Fatherland

Front is the largest political and social organization with the nature of a broad union. It has a mass character."

The directive stated that the Vietnam Fatherland Front is unlike other mass organizations. It is the largest political and social organization. Its role is to represent the ownership rights of the laboring people. It is the thread linking the broad sections of society with the party and the strong point of reliance of our socialist state. Because of this role, Article 9 of Vietnam's constitution, the National Assembly and people's councils election laws, people's councils and people's committees organizational laws, and a number of other laws and orders have codified the role of the Vietnam Fatherland Front in many articles. In this, the Vietnam Fatherland Front has been assigned the role of recommending candidates.

Directive 17/CT-TW also stipulated that the special functions of the Vietnam Fatherland Front in the present stage is to coordinate and unify activities among member organizations and between the front and the authorities, from the central echelon to the bases, with the aim of exploiting the ownership role of the laboring people in the movements and activities. This function serves as the operating formula of the Vietnam Fatherland Front.

Directive 17/CT-TW was issued more than 7 years ago. But it can be said that the correct viewpoints and ideas on the role and function of the Vietnam Fatherland Front have not been fully studied by the party committee echelons even though this directive has been disseminated to the party chapters. Because of this, today, many of the party committee echelons still view the front as just a form or as the "fifth organization" after the worker-peasant-youth-women organizations.

Another very important question is, After determining the role, functions, and operating formulas of the Vietnam Fatherland Front in the present revolutionary stage, what will the operational themes of the front be so that the front can become a real point of reliance for the masses?

It can be said that the resolution of the Eighth Plenum of the Party Central Committee (sixth term) on "renovating the mass activities of the party and strengthening the relationship between the party and people" pointed out the major directions concerning this. "The motive force for promoting a mass movement is to satisfy the pressing needs of the people, coordinate their interests, and unify the rights and obligations of citizens. In a society in which the people are the masters, individual, collective, and social interests are tied to each other very closely, and in this, individual interests are the direct motive force." Starting from this view, the resolution affirmed that the operating themes of the front and of the other mass organizations must be renovated in accord with the guideline of "satisfying the pressing material and spiritual needs and protecting the legitimate rights of the

masses, generating unity within the organizations, increasing patriotism, and generating greater love for socialism."

There was a period in which talking about individual interests was a forbidden topic. There were only collective and social interests. Man, who had been the center of life, was forgotten for a time. This destroyed the labor energies and creativity of the people. Now, the party has determined that of the three interests, individual interests are the direct motive force. Thus, all of the front's activities must be directed toward this target. The pressing needs of life must be used as a glue to bind people together and, based on this, to mobilize them to fulfill their obligations to the collective and all of society. This direction is entirely correct, and the front and the other mass organizations must adhere to this closely in all their activities in order to become a point of reliance of the masses.

Based on the correct viewpoints, ideas, and guidelines discussed above, let's review the activities of the Ho Chi Minh City Vietnam Fatherland Front during the past several years.

First of all, the municipal fatherland front and the various echelon fatherland front organizations have actively participated in building and developing socialist democracy, the leading task of the Vietnam Fatherland Front. In this, the most striking activity is contributing to building the people's regime and correctly and fully carrying out its responsibilities in the National Assembly and people's council elections, particularly holding consultative conferences and recommending candidates. Besides this, the municipal fatherland front and various echelon fatherland front organizations have constantly maintained the relationship between the voters and their representatives, gathered the ideas of the people, and passed on ideas to the elected organizations concerning the problems, including human affairs problems, that need to be examined and resolved at the sessions of the National Assembly and various echelon people's councils. Also, the elected organizations and representatives have met with the people and dealt with the complaints lodged by the people.

The municipal fatherland front and the various echelon fatherland front organizations have participated from the very beginning in drafting policies, positions, and laws before the documents have been decided on. Thus, they have actively studied and gathered the ideas of the people to contribute these to the draft laws. At the same time, the fatherland front, together with the mass organizations, has coordinated things with the elected organizations and elected representatives in implementing the people's right to supervise the activities of the administrative organizations and in opposing violations of people's rights and the legitimate interests of the people that are recognized by law. Recently, the front, the mass organizations, and member organizations have actively participated in the movement to oppose corruption, smuggling, authoritarianism, and other acts that

cause problems for the people. However, the results are still very limited, because coordination has not been very good and because the people are still very skeptical about the effectiveness of this movement.

Along with participating in building and developing socialist democracy, the fatherland front at the various echelons has mobilized the various sections of the population to promote production and practice frugality in order to carry out the economic and social tasks of the city. The front has promoted movements to get the people to unite, help each other, and together strive to stabilize and look after the lives of each other in each population center, particularly with respect to policy targets such as retired people, invalid soldiers, the families of war dead, the families of soldiers, the poor, and orphans, to build public welfare projects, and to gradually build forms of self-control for the masses in each family group and neighborhood unit.

Besides this, the fatherland front is coordinating things with the mass organizations and authorities to motivate the people to strengthen and solidify national defense, maintain political security and social order, and launch the masses to participate in the anti-crime movements, particularly in high peak campaigns and movements to encourage criminals to turn themselves in.

Since the Fifth Congress of the Ho Chi Minh City Vietnam Fatherland Front, front work in the city has concentrated on two things: One is to become deeply involved with the direct mobilization targets of the front such as the rank and file, the intellectuals, religious groups, ethnic minority groups, industrialists, Vietnamese living abroad and their families in the city, and military officers and civil servants in the old regime who have been educated and reformed. The second is to concentrate front activities at the primary level and in each population center. In carrying on both of these activities, everywhere that the front has given attention to the pressing needs of the masses, including both their material and their spiritual needs, the front has truly become the point of reliance of the masses, and the masses have sought out the front in times of trouble.

From within the emulation movement of the municipal fatherland front system, a number of ward and district fatherland front organizations have carried on activities rather well and achieved results. These include the fatherland front organizations in precincts 3, 6, 8, and 10, Binh Thanh Ward, and Thu Duc District.

However, the activities of the municipal fatherland front and of the various echelon fatherland front organizations still have many limitations. In particular, organization is still very weak and so the organizations cannot effectively carry out the task of organizing, coordinating, and unifying the activities of the member organizations or of coordinating things between the front and the authorities in carrying on movements and carrying out tasks. In the relationship between the member organizations in the

front, the CPV is both the leader and a member organization. Handling this relationship correctly is a decisive factor concerning front work. Regarding this problem, the resolution of the Eighth Plenum of the Party Central Committee stated: "The party committee echelons, from the central echelon to the primary level, must implement the party's role as both a member and a leader of the front. They must explain the party's positions and policies, listen to ideas, and engage in democratic discussions. They must coordinate and unify activities among the members of the front and encourage the broad revolutionary action movements of the people." The activities of the front committee must have an atmosphere of dialogue and discussion in order to achieve unity and find a common denominator that can serve as a basis of action for all the member organizations. To do this, the methods of leading front activities must be renovated, too. I will conclude this article by citing the teaching of President Ho Chi Minh, who founded and organized the Vietnam Unified National Front and led it through several revolutionary periods: "The party cannot require the front to accept its leadership but must prove itself to be a very loyal, active, and honest element. Only in daily struggle and work, when the broad masses have accepted the correct policies and leadership capacity of the party, will the party be able to hold a leading position." [Footnote 1] [Ho Chi Minh: "On the Vietnam Unified National Front, Su That Publishing House, Hanoi, 1972, p 16]

## MILITARY

### Changes in Rear Area Policy Urged

91SE0050A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 14 Nov 90 p 3

[Article by La Ba Tinh]

[Text] For a long time now, many people have said that the reason why desertion and disciplinary violations are still problems and why soldiers are indifferent toward struggle and don't want to train other cadres is that education is vapid, renovation has been slow, and the cadres have not set examples. Those points have a basis, but besides that, are there any other reasons? During a number of sessions held to exchange opinions frankly, with a spirit of responsibility, the soldiers in units subordinate to the Quyet Thang Corps [binh doan], Engineer Branch, Military Region 1, analyzed the objective reasons for the poor educational results in many units. Many of these reasons concerned the military rear area policy. These were initial ideas, but they engendered an overall viewpoint concerning the shortcomings and problems that must be overcome in order to improve the quality of today's military training.

Many people confirmed that there are still shortcomings in implementing the military rear area policy in many localities. Youths have not been educated concerning the Military Draft Law. Many party committee echelons and local authorities have not given adequate attention to

providing physical and moral education or to turning the youths into new people before they become Uncle Ho troops. When they are inducted, a number of youths try to select comfortable places to work. They try to avoid places where they could encounter difficulties and hardships. The concept of being prepared to accept tasks in any situation has gradually disappeared among youths. After the phase I training, a number of recruits who did not receive the assignments they wanted deserted. Clearly, the struggle of will power of a number of today's young soldiers is not determined by these soldiers but by the social environment. The reality is that a number of soldiers have deserted, and a number of cadres have used their positions to ensure that their children are assigned to comfortable places while fulfilling their military obligation. These are negative factors that affect the struggle spirit of soldiers on active duty. The results of troop education in the units depends on teaching youths about the Military Draft Law and instilling in them a concept of being prepared to overcome every difficulty and on eliminating the present negative phenomena in the military recruiting activities of the echelons and sectors in the localities.

Many people have mentioned the special characteristics of youths when going to fulfill their military obligations today. Many of the youth union members and rural youths who are being recruited today are the backbone of the families in the Contract 10 fields. When they leave, the cooperatives take over their contract fields. But when they return after completing their military service, the cooperatives give them poor fields. Many of the youths working at enterprises wonder whether the enterprises will still have work for them after they complete their military service. The lack of concern shown for those who have gone to defend the fatherland has directly affected their thinking, feelings, and struggle will power. In such a situation, it is difficult for military education to achieve the desired results. The youth and women's mass organizations in the localities must submit proposals to the local authorities to help the policy targets and monitor the implementation of the policies on the families of wounded soldiers, war dead, and soldiers. This is a pressing task that will give youths greater confidence in obeying the Military Draft Law.

Many people mentioned the situation in coordinating things between the units and the families and local authorities in educating the soldiers. Surveys in two units in Corps 2 [quan doan] have shown that only 6.5 percent of the soldiers think that the local authorities are indifferent to desertion; 35.1 percent remind them of things; and 34 percent ask them to return to their units. Also, 20.8 percent of the families have returned their children to their units, and 64.8 percent of the families are opposed to their children deserting. The above figures show that the families and local authorities have made a great effort to help deserters return to their units and fulfill their military obligation. But desertion is still a problem that must be solved. In some localities, when a deserter is discovered, the locality issues them a



certificate stating that they have fulfilled their military obligation. Such improper acts not only have a long-term affect on military recruiting in the localities but also reduce the zeal and growth of the soldiers on active duty. Only if the localities and families coordinate things well and help their children maintain military discipline and complete their military obligations will the units be able to educate the soldiers effectively.

Many people have said that the payment of allowances to discharged soldiers is irrational and that this is doing very little to encourage those soldiers who have returned after contributing their strength to the fatherland for several years. A number of the policies on providing food, clothing, and housing and maintaining the spiritual lives of the soldiers on active duty are unsuitable, and this has made it difficult for the soldiers to manifest their capabilities in all respects. As a result, it is difficult to develop strong political capabilities in today's complex situation. Today, soldiers have not only material needs but also intellectual needs and the need to be treated in a democratic, personal, and fair manner. They need to be respected and to be kept informed of the new developments in the country and around the world.

In training our young soldiers and turning them into Uncle Ho troops who can fulfill the tasks assigned them, we cannot rely on others or put the blame on objective reasons, nor can we have any illusions about quickly putting a stop to the negative phenomena in the military. However, from the standpoint of the military rear area policy, it can be seen that educating the troops and manifesting the qualities and traditions of Uncle Ho troops can and must be the work of all of society. This is not the task of the military alone. To achieve good results in educating the troops, the weaknesses in this must be pointed out in an objective and all-round manner in order to overcome these weaknesses. In this, we cannot ignore overcoming the shortcomings or revising the irrational policies regarding military rear area work. This is an urgent and long-term task in effectively educating the fifth generation of soldiers.

## ECONOMIC

### **City Manufacturers Meet, Propose Major Banking, Tax Policy Changes**

912E0055A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 4 Dec 90 p 1

[Article by V.H.L.]

[Text] On 3 December at the meeting hall at 272 Vo Thi Sau, industrial producers in the city, from the central echelon to the localities, wards, and districts and from state economic elements to collective and private elements, attended a meeting to discuss production and business and propose measures to the state in order to help production escape the present difficulties.

The production and business managers mentioned many real problems and various theoretical problems that have arisen in renovating the mechanism. These include reorganizing production, attracting and making effective use of investment capital, creating sources of capital ourselves, organizing and expanding the markets, creating raw material zones, creating new capabilities using the existing capital, and creating the ability to manufacture things domestically. However, the producers and businessmen said that in order to solve the basic problems of production today, the decisive factor is the synchronized renovation of the financial, banking, and tax mechanisms and policies. The producers said that the National Assembly and Council of Ministers must implement tax and bank interest policies that will encourage investment in production. This includes waiving income taxes for 3-5 years for units that invest in building plants and equipment and designing technical models; waiving or reducing to a minimum import duties on gasoline, materials, and raw materials needed to support production; reducing duties on export goods, import substitutes, and labor-intensive goods; and loaning liquid assets based on the production cycle and on a suitable interest rate framework such as the interest rate levels in common use abroad.

Speaking at the meeting, Nguyen Vinh Nghiep, the chairman of the Municipal People's Committee, applauded the achievements and welcomed the frank opinions expressed by the units. He evaluated the present industrial production situation in the city and discussed a number of real problems such as obtaining capital, attracting investment, [finding] markets, and organizing enterprise and state management with respect to production. He also discussed the direction of industrial production from 1991 on and mentioned the preparations made for production in the 1st quarter of 1991. Beginning now, the Municipal People's Committee will concentrate on coordinating things with the Zone 2 Oil and Gas Corporation, Power Corporation 2, and the various sectors in order to provide oil and electricity and not allow what happened at the beginning of 1990 to happen again. The city is actively preparing specific plans to expand the electricity and water plants and the Saigon Petro Enterprise. It is formulating plans to carry on joint oil ventures with other countries and to improve the electricity network. Also in December 1990, the city urgently completed the plans for the Municipal Finance Corporation and the Finance Corporation for Joint Ventures with Foreign Countries, and it consolidated the Industrial-Commercial Bank. These will become principal elements in making investments and providing capital for primary level units. Municipal budget funds will become the loan capital of the Finance Corporation and Industrial-Commercial Bank. Money will be loaned at subsidized interest rates in order to stimulate production.

### **Coal Export, COALIMEX Activities Reported**

912E0052A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 12 Nov 90 p 3

[Article by Thieu Quang Bien]

[Text] This year, COALIMEX (Coal Import-Export and Materials Supply Corporation, Ministry of Energy) has



exported almost 500,000 tons of coal, which is over 100,000 tons more than at this time last year. COALIMEX in particular and the coal sector in general are coordinating efforts in an attempt to regain markets that were lost and find new markets. We are exporting coal to India and Malaysia.

In the past, there were years when Vietnam exported approximately 1 million tons of coal. This has declined in recent years. In 1987 and 1988, only 230,000 and 350,000 tons were exported respectively. There are many reasons for this decline, but the main reason is our way of doing things. The quality of many of the goods exported has been substandard. Customers have complained many times, but they have not been compensated. One customer in Belgium is owed 98 tons of lump coal. Coal buyers have to wait a long time. The loading and unloading and transport of coal also causes difficulties. These things have been allowed to drag on and this has eroded the confidence of our customers.

Since 1989, the coal sector has operated based on a market mechanism and settled its debts itself. Coal production requires the use of imported materials, equipment, machinery, and gasoline. International market prices are high. At the same time, the price of the coal that is produced and sold domestically is low, that is, it is only about one-third the international price. If the coal sector distributes products only to domestic markets, it will suffer losses and will not be able to maintain production. It must expand its markets and sell coal to international markets. The production units coordinating things with COALIMEX are actively engaged in this. Even though it is encountering difficulties in activities, because the Cam Pha Coal Corporation recognized future directions early on, it has boldly invested capital to improve Cua Ong Coal Grading Plant 2, purchased and installed a new production chain using more modern equipment in order to improve the quality of the export coal, and begun producing types of coal favored on international markets. Thus, the export of coal has been stepped up. Activities aimed at selling goods, studying consumer markets, gathering information on coal production and consumption on international markets, and finding new customers have become a pressing and daily requirement for coal producers. We have regained a number of former markets with familiar customers, the quantity of coal sold has been increased, and new markets have been found. We have exported coal to Western Europe, South Korea, Taiwan, and Australia. In 1989, exports reached 600,000 tons, and in 1990 coal exports are expected to reach 750-800,000 tons based on the contracts already signed.

The way things were done in previous years was that the producers of export coal "poured" coal based on the "orders" of corporations charged with handling exports. The coal producers did not sell the coal directly. The producers complained about this. They wanted to meet with customers directly. They didn't want to sell their

coal through middlemen. They said that if they could sell directly, they would be able to make notable contributions to increasing the output of export coal. For the past two years, with the renovations in the management mechanism, the producers have been allowed to look for customers on their own, negotiate prices, and sign export contracts, which means that their desire to export their products themselves has been satisfied. What has been the result? There has been a boom in soliciting business and investing capital in export coal activities. Many local units that do not have coal graders and that do not mine coal have been given export quotas. The coal market is in disorder. Many individual units have purchased coal without bothering to determine the source of the coal. As a result, the illegal mining and theft of coal is increasing. When a foreign customer comes to make a purchase, dozens of "representatives" of this organization and that locality come forward to solicit orders, even offering to sell below the approved price. This has confused customers, with the result that no one has been able to sell coal. Because of this, in June and July, coal exports came to a halt. The Quang Ninh Federation, which has been given an export quota of 230,000 tons this year, has signed export contracts for approximately 600,000 tons. But to date, it has not exported any coal.

COALIMEX and the coal corporations of the Ministry of Energy are operating in this environment and so they have encountered many obstacles and difficulties. However, with the efforts and good coordination of the production units in the sector and COALIMEX, they have gradually regained markets. Last year, COALIMEX exported 80,000 tons of coal to Japan. This year, with the contracts already signed, it should be able to export 300,000 tons. The figure for South Korea is 250,000 tons. Also, we are again exporting coal to markets in Western Europe. At the end of this year, we will export an additional 35,000 tons. A contract for 240,000 tons has already been signed. This coal will be delivered by September 1991. However, reality shows that markets are still unstable, and coal transport ships do not come regularly.

In order to promote coal exports and protect the interests and maintain the prestige of our coal sector on world markets, we must reestablish order in the marketing of export coal, the sooner the better. Recently, The ministries of trade and energy issued inter-ministry Circular No. 29TT/LB on guiding coal exports. According to this circular, only units that have the legal right to mine coal, that are members of the Coal Production and distribution Association, that have signed annual production and distribution plans with the Ministry of Energy, and that can meet the export standards and maintain quality will be allowed to export coal. Only seven units have been given authorization to solicit sales and sell coal to foreign customers: COALIMEX, four coal corporations (the Cam Pha, Hon Gai, Uong Bi corporations and Coal Corporation 3), the Quang Ninh Coal Federation, and the Truong Son General Construction Corporation (Ministry of National Defense). Every quarter, COALIMEX sets minimum export prices and, through the

Coal Production and Distribution Association, examines things. It submits matters to the Ministry of Energy for a decision and publicly discloses minimum export prices for that quarter. With guided prices, the coal export units cannot issue export permits. If they violate this many times, they can have their right to sell coal revoked.

After many ups and downs, COALIMEX has now gained the trust of many foreign customers and is coordinating things better and better with the export coal production units in the country. During the first 9 months of this year, through COALIMEX, the Cam Pha Coal Corporation has achieved an export value of \$11 million, and the Hon Gai Coal Corporation achieved a value of \$5 million. These two corporations are no longer in financial straits. According to the plan, by the end of this year, the Uong Bi Coal Corporation and Coal Corporation 3 will be authorized to export an additional 40,000 tons of coal.

After reaching sales agreements with coal buyers, all four coal corporations of the Ministry of Energy have entrusted COALIMEX with the task of exporting the coal.

### **First Oil Refinery in Ho Chi Minh City**

912E0056A Hanoi KHOA HOC VA DOI SONG  
in Vietnamese No 31, 8 Nov 90 pp 6, 8

[Article by Tran Manh Tri]

[Text] Cat Lai is the first oil refinery of Saigon Petro, a joint oil and gas processing unit in Ho Chi Minh City that consists of the Grain corporation, the Communications and Transportation Service, the Materials Corporation, and the Economic Planning Commission. The refinery was finished at the end of 1988 and officially put into operation in 1989. It can refine 40,000 tons of crude oil a year into gasoline, kerosene, diesel oil (DO), and fuel oil (FO). The refinery uses modern French and West German equipment and refines the oil by adding heat indirectly using heat conveying materials at vacuum pressure. There is an automated system to regulate the industrial process. As a result of these things, the products produced are highly efficient, particularly the "white" products (gasoline, kerosene, and DO), and it is easy to change product allocations depending on market demand.

Because Vietnamese crude oil belongs to the paraffin family and contains little sulfur (less than 0.1 percent) or heavy metals ("canadi" and nickel), the refined products are of high quality and do not require further treatment before they can be used. Regarding kerosene, DO, FO, and colorless kerosene, for example, the flames exceed the normal standards, and when burned, they are not astringent to the eye and burn brightly and give off little smoke. Diesel oil has a high evaporation point and a high cetane number so it is well suited for use by passenger cars and vehicles with diesel engines that operate in the lowlands. But it is not well suited for use in cold areas or high plateau areas because of the high paraffin content.

FO is a fuel that is used for steam boilers, iron and steel smelting furnaces, and glass furnaces. Cat Lai's fuel oil causes little pollution, and there is little danger of the steam boilers being damaged because of the lack of sulfur and heavy metals. The shortcoming of the fuel oil is that its freezing point is high (36-40 degrees centigrade) because of the large amount of hard paraffin. Thus, the transportation, distribution, and use of FO is inconvenient.

### **Increasing the Economic Results of the Products**

During the past period, by changing refining techniques, the refinery has reduced the percentage of fuel oil from 40 percent to 25 percent, added that 15 percent of the paraffin from the FO to the diesel fuel, and increased the effectiveness of the diesel oil from 30 percent to 45 percent.

It will certainly be possible to increase oil processing productivity from 40,000 tons to 120,000 tons a year or even more. The main problem is how to make maximum use of the advantages of our crude oil, which contains much paraffin, concentrated on the residual elements (the elements with the lowest value). Saigon Petro has proposed a plan calling for the use of the newest Western technology (VRSD technology) aimed at implementing a very intensive FO residue refining process. This may make it possible to obtain additional elements and, from this, obtain hard paraffin and very hard paraffin whose price on world markets will be comparable to that of FO (8-10 times the price of FO). The efficiency of the various types of paraffin that can be recovered: liquid paraffin, 6-7 percent (compared with the crude oil); hard paraffin, 19-20 percent; and very hard paraffin, 0.2-0.5 percent. On the other hand, the residue after intensive refining (approximately 4-5 percent as compared with the crude oil) is a suitable raw material for the production of asphalt, a product now in great demand in Vietnam. The point worth noting is that with the old techniques, the FO residue could not be used to produce asphalt, because the ratio of asphaltum to paraffin was too low. With the new techniques, we can obtain root oil [dau goc] that can be mixed in to produce engine oil whose efficiency is approximately 15 percent as compared with crude oil and whose price is three to four times higher than the price of FO. Thus, the product pattern will no longer contain FO. That means that all of the FO, which accounts for almost half of the crude oil, will be converted to new products having a value three to 10 times higher than that of FO. It is estimated that if we invest another \$3-4 million to obtain modern industrial equipment, we will be able to increase annual revenues to approximately \$3 million.

In recent years, the Ho Chi Minh City Planning and Economic Committee has invested money in studying the use of liquid and hard paraffin from Vietnamese crude oil to produce surface catalysts, a type of raw material in great demand in the production of synthetic detergents. The research topics that have been approved are opening up new directions and enabling Saigon Petro

to increase the results of oil refining. This will allow Vietnam to become involved with petrochemicals very quickly and cheaply as compared with moving from naphtha as in many other countries.

### Rapid Expansion of Sericulture

91P30084

[Editorial Report] Various SRV press reports indicate that in the last two years sericulture has developed rapidly in Vietnam. Vietnamese silk and silk products have gained recognition in international markets.

According to the 18 Sep 90 SAIGON GIAI PHONG, sericulture will be one of Vietnam's major industries, and an "important export branch" of Vietnamese agriculture in the coming years. The paper stated that the center of the expanding silk industry will be Bao Loc City, in Lam Dong Province. The report noted that Bao Loc currently has two major filatures: the Thang Tam filature which produces about 100 tons of silk per year; and the Bao Loc automatic filature, a joint venture with South Korea, which produces about 65 tons of high-quality silk annually. In 1991, four more modern automatic filatures will be built, with a projected production of 360 tons of high-grade silk per year.

Besides Bao Loc's two major filatures, many smaller ones have been established throughout Vietnam. NHAN DAN on 22 Aug 90 and HANOI MOI on 5 Nov 90 reported on production at filatures in Hanoi, Ha Nam Ninh, Hai Hung, Thai Binh, Thanh Hoa, Son La, Ha Bac, and Nha Trang.

On 18 Dec 90, VNA (Vietnam News Agency) reported that exports of the Vietnam Union of Sericulture Enterprises have reached 10 million rubles and dollars, a ninefold increase over 1986. According to the 18 Sep 90 SAIGON GIAI PHONG, the union's target for 1995 is 300 million U.S. dollars.

An article in the 13 Nov 90 SAIGON GIAI PHONG stated that, at the 1990 Silk Clothing Fair held in Munich recently, the Vietnamese silk sector met with much success. According to the article, seven contracts to buy silk and silk products were signed between Vietnam and seven major companies from such Western countries as France, the Federal Republic of Germany, Switzerland, and Finland. At the fair, members of the International Association of Sericulture unanimously recognized Vietnam as an official member of the association. Vietnam also received strong support from many countries to further develop sericulture and the World Trade Center officially called on the World Bank, international trade organizations, and private companies in other countries to provide assistance in developing sericulture in Vietnam. According to SAIGON GIAI PHONG, as a result, the Italian government granted Vietnam a loan of 18 million U.S. dollars to build five automatic filatures in Lam Dong Province while several

companies from Thailand and India will promote Vietnamese silk products and help expand the Vietnamese silk market.

### SOCIAL

#### Stricter Sentences Urged

912E0051A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 26 Oct 90 p 3

[Article by Ngo Tu Nam, Internal Affairs Department of the Central Committee]

[Text] Recently, there have been many instances in which those carrying out their public duties have been opposed, and some of these cases have been very serious. Cases of people resisting tax cadres in order to "conceal" smuggled goods and contraband are quite widespread. Also widespread are cases of people opposing public security forces who are carrying out their tasks and of people opposing border troops and naval cadres when these people are discovered smuggling goods or transporting commodities and currency illegally across the border. Something new is that criminals and their accomplices are opposing the public security and control forces and judges in court by swearing at them and tearing their clothes. Some have even asked the Trial Council to violate its own laws. Party cadres and local authorities have faced resistance, and they have been seized, questioned, and even beaten and insulted while performing their duties. Many people have been attacked and seriously injured while carrying out their public duties.

At the Ha Nam Ninh provincial people's court, during the trial, the defendant attacked the trial council with a horseshoe. At the Hanoi municipal people's court, a number of defendants and members of their families smashed a window and used the broken glass and other crude weapons to resist the forces protecting the court. They also shouted obscenities at the trial council. In Lam Dong, when a provincial forestry unit took action against a vehicle illegally carrying timber, more than 100 youths shouted threats and punctured the tires of the vehicle of the control unit. At a number of "hot spots" in Thanh Hoa and Hai Hung, reactionary elements have seized party cadres, authorities, public security forces, and soldiers and held them for many days.

Article 205 of the Criminal Code states the following regarding the crime of "resisting those who are performing their public duty":

1. Unless articles 101 or 109 are applicable, anyone who uses force or who threatens to use force to resist those who are performing their duties or who does something to force them to act contrary to the law can be sentenced to up to one year of reform out of prison or imprisoned from six months to three years.

2. Criminals who cause serious damage can be imprisoned from two to 10 years.

Resolution 04-ND/HDTP of the Trial Council of the Supreme People's Court, which provides guidelines for using a number of stipulations in cases pertaining to the Criminal Code, clarifies what is meant by "people carrying out public duties":

"People carrying out public duties" refers to those who have positions and powers in state organizations or social organizations who are carrying out their functions and tasks. This also refers to citizens who have been mobilized to carry out tasks (such as going on patrols and standing guard) according to the plans of the organizations with jurisdiction and to serve the interests of the state and society.

The above resolution also explains:

Using force or threatening to use force to resist those performing their duties includes beating or binding people but not killing or seriously injuring them and threatening to beat and bind them.

Using tricks to force those carrying out their duties to engage in illegal actions includes using the names of invalid soldiers to force market management cadres to release commodities that are being held and to compel forestry cadres to release illegally-felled timber that is being held.

The serious results (stipulated in Section 2, Article 205) are: Those carrying out their public duties will not be able to complete their tasks; the enforcement of the laws in the localities and zones will become loose; and bad elements will take this opportunity to spread rumors that could have a bad effect.

If a public servant is killed, the criminal must be tried for "murder" according to Article 101, Section 1, Point C. That person can be imprisoned from 12 to 20 years, given a life sentence, or sentenced to death.

If a public servant is injured, depending on the details of the case, the criminal can be prosecuted in accord with Article 109, Section 2, Point B (causing an injury), and imprisoned from two to seven years. Or he can be prosecuted in accord with Article 109, Section 3, (causing serious illness or causing death) and imprisoned from five to 20 years. If a criminal insults someone and that person is a public servant, the criminal can be sentenced to undergo up to 1 year of reform out of prison or imprisoned from six months to three years. In the situation in which many cases of resisting public servants have occurred and there have been some very serious cases as mentioned above, those guilty of such actions must be given stricter sentences in accord with the stipulations of the Criminal Code.

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